

CA1
Yc.2
- 69 P23

Government
Publications

UNIVERSITY OF TORONTO
FACULTY OF SOCIAL WORK
PROPERTY OF THE
READING ROOM
NOT TO BE REMOVED

a brief
prepared
for the special
senate
committee

on

Overtly

Ontario Department of Social and Family Services

Honourable John Yaremko, Q.C., *Minister*
M. Borczak, *Deputy Minister*



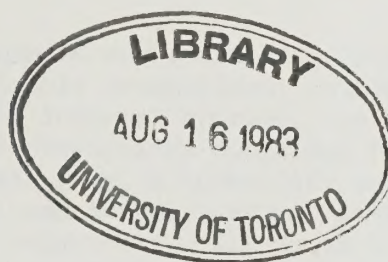



Presented to the
LIBRARY *of the*
UNIVERSITY OF TORONTO
by

Social Work Library

CONTENTS

I.	INTRODUCTION	1
II.	INCOME MAINTENANCE: PROVINCIAL PROGRAMS	14
III.	INCOME MAINTENANCE: MAJOR CHALLENGES	22
IV.	FUTURE OF INCOME MAINTENANCE	63
V.	SOCIAL SERVICES: PROVINCIAL PROGRAMS	65
VI.	SOCIAL SERVICES: MAJOR CHALLENGES	78
VII.	FUTURE OF SOCIAL SERVICES	83





Digitized by the Internet Archive
in 2023 with funding from
University of Toronto

<https://archive.org/details/31761119706737>

I. INTRODUCTION

The rapid growth of the provincial economy during the last decade has resulted in a substantial reduction in the number of poor persons in Ontario although it has not altogether eliminated poverty. Gross and real incomes have increased appreciably; families at the lower end of the income distribution have benefited from the general high levels of economic growth and employment. However poverty is still widespread. In the two year period between 1965 and 1967 the average income of all Ontario families rose nearly 18 per cent. When inflation is taken into account, the real increase was almost 10 per cent.¹

The benefits of prosperity have not been distributed equally among all low income groups. Some have been able to raise themselves out of poverty by their own efforts while others have not. Prosperity seems to have offered more opportunities to poor men than poor women to increase their income. While we have not been very successful in defining poverty we recognize as a nation that the minimum standard of living that is acceptable to us has been rising. We cannot expect poverty to disappear in spite of the fact that it is declining: some people will not be able to improve their lot by themselves. At the same time society is subtly revising upward its definition of what poverty is.

A. Definition of Poverty

Any discussion of poverty must begin by defining ways of distinguishing those who are poor from those who are not. Any one definition is likely to be unsatisfactory and open to the objection that it does not include sufficiently broad criteria to be generally useful to various groups such as economists, sociologists, statisticians and policy planners.

The sociologist analyzes the culture of poverty and sees it in the following dimensions:

Poverty involves underemployment and scattered, irregular, miscellaneous employment, often at undesirable occupations; it involves extensive borrowing through formal and informal sources, use of second-hand clothing and furniture, and overcrowded dwellings and lack of privacy. The poor have a higher death rate, a lower life expectancy, lower levels of health - physical and mental - and of nutrition, than the prosperous; . . . they are relatively unlikely to be members of labor unions, political parties, and other organizations; . . .

. . . Equally familiar is the inverse relation of education and income, . . . Associated with low education are low school achievement, inadequate verbal skills, lack of intellectual stimulation, lack of motivation to education . . .

. . . the poor tend on the whole to be more authoritarian than the prosperous; . . .²

The economist looks at other dimensions. Employment policies, demand for goods and services and income distributions are among his approaches to an understanding of the nature of poverty. Income is the measure on which data are most readily available. Poverty is insufficient income to maintain an

1. See Appendix Table 1.

2. Herzog, Elizabeth, "Some Assumptions about the Poor", Social Service Review, Vol. 37., December, 1963, pps 392-3.

acceptable standard of living.

The concept of poverty is influenced by the current general standard of living of the remainder of the population; it is related to certain basic conditions of life and the ability to live as everyone else does. It is different now than it was 40 years ago; it is a different phenomenon in Canada than in underdeveloped countries.

In order to be useful in policy planning, measures of poverty must be developed. If the "income deficiency" approach is adopted a series of poverty lines based on family size are the usual criteria. "Standards of living" on the other hand are built up from a list of goods and services specified as representing a level of living; these are then priced to determine the income necessary to meet the budget requirements. These standards include basic elements such as food, shelter, medical care and other needs. Both approaches have limitations as statistical measures of poverty.

In the United States, the Bureau of Labor Statistics has developed budgetary standards for city workers, retired couples and 4 person families. The latter standard contains 3 levels of living, some of the differences among them being that lower budgets specify that persons live in rented housing and use free recreation facilities; in higher budgets home ownership is specified, more household appliances are used and more services are purchased by the family. Quality standards are superior in the higher budget and quantities are increased. The general content of the budgets is based on current living standards. Nutritional standards were developed by technicians; other consumption patterns are based on surveys of consumer expenditure patterns. After completing the technical quantitative and qualitative aspects, pricing surveys were carried out. The budget costs specified are estimates of the gross incomes required to maintain the living standards.

The Canada Assistance Plan requires a budget deficit approach to determine need. Specified budgetary items have dollar values attached to them and the sum of these less the income available to meet them becomes the "need". The Plan stipulates that in addition to considering the budgetary deficit, resources must be taken into account.

Some limitations in using this approach include: the difficulty in arriving at accepted standards; complexities induced by the considerable variation in family characteristics; the multitude of needs levels arising from the application of the system. This is not a neat and tidy package of simple statistical definitions of needs.

One of our suggestions is that the Senate Committee on Poverty recommend that a study be carried out to improve Canadian poverty indexes.

It does appear to us that the budgetary standard approach has potentially more adaptability and usefulness for measuring poverty than a criterion based on gross annual income. A federal-provincial task force is analyzing the budgetary standards approach for application by all provinces in the social assistance field. However a wider survey of its usefulness seems desirable. The basic concepts and procedures have been developed by the Bureau of Labor Statistics. While adaptation would be necessary, the techniques have been worked through carefully. A national survey of consumption patterns would be needed as well as intensive research into standards for food, clothing, shelter, etcetera. Social assistance administrators could improve their budget procedures considerably if such standards were available and Canadian statistical measures of poverty would be more realistic and meaningful.

We would like to see commonly accepted, objective, quantified standards developed with which the incomes of individuals and families can be compared across Canada. These standards would permit income earned to be compared with income from social assistance. They could be designed to allow for variations in consumption patterns and prices across the country so that valid comparisons of poverty levels could be made from one province to another and from one region to another.

Ontario quantified a food standard several years ago; this could now be reviewed. Other components of our pre-added budgets such as clothing, utilities, household supplies and personal requirements are less precise. The Department of Social and Family Services is looking for ways of refining budgetary techniques and defining needs. The establishing of national standards of living for a variety of purposes seems a more rewarding approach than the Province of Ontario carrying out a detailed analysis for social assistance purposes only.

The poverty line approach is the alternative to setting standards of living. This is based on gross annual income; low income is defined as 70 per cent of income spent for food, clothing and shelter. Poverty lines have been drawn by various government agencies, based on Economic Council of Canada guidelines for 1961. They have been adjusted as indicated below.

TABLE I
ECONOMIC COUNCIL OF CANADA
POVERTY LINES ADJUSTED BY VARIOUS AGENCIES

Family Size	Dominion Bureau Statistics 1967	Economic Council of Canada 1968	Ontario Department Treasury & Economics 1969
1 person	\$1,740	\$1,800	\$1,900
2 persons	2,900	3,000	3,160
3 persons	3,480	3,600	3,790
4 persons	4,060	4,200	4,430
5+ persons	4,640	4,800	5,060

Poverty lines are in terms of gross family income before deductions. All forms of income are included in the gross poverty lines, e.g., family allowances and other transfer payments. In its 1961 census monograph, the Dominion Bureau of Statistics says " . . . the income distribution is analyzed primarily in terms of the distribution of gross cash income before deductions, for taxes from sources such as wages and salaries, pensions and investments."³

A poverty line is gross and arbitrary. Inherent in it is a number of problems. One of the fundamental ones is the definition of income as gross cash income before deductions for taxes from wages salaries, pensions and investments. Such a definition does not take into account many income sources, typically more significant to persons with low income than others. Some of these sources are rental of rooms, board and lodging provided to members of the family and others, income from apartments and other small properties and casual earnings of other members of the family. Income in kind is also not taken into account; this is particularly significant in rural areas where food and fuel are produced at home and partial payment of wages in kind is common. As Titmuss has said there is a number of alternative definitions of income and a choice has to be made according to the purpose at hand and the availability of data.⁴

3. Podoluk, Jenny, Incomes of Canadians, Ottawa: Dominion Bureau of Statistics, 1968, p.5.

4. Titmuss, Richard M., Income Distribution and Social Change, London: George Allen and Unwin Ltd., 1963, p.31.



The concept of a poverty line fails to relate income to needs of families and single persons. A 4 person family living in a rural non-farm community paying a low rent may be financially better off than the same size family unit living in a large metropolitan area where rents are high. The quality of accommodation may be much better for the lower rent in the former community than in the latter. Different expenditure requirements between the same size family unit may be due to the need for drugs, dental care and education. The age composition of the family unit also causes differing expenditure patterns. Young children tend to require smaller outlays for food, clothing and entertainment than older children.

Needs are related to asset holdings, stocks of such things as automobiles and household appliances and the ability to borrow money or make large credit purchases.

No account is taken of the fact that some families may have an imputed income from capital assets and thus have lower money income requirements than other families . . . Ideally, as well as income data, information is needed on other aspects of consumer finances such as asset holdings and the stocks of consumer durables owned. Obviously a family of three with an income of \$3,500, a house owned free of debt and savings of \$10,000 is better off than a family of three renting accommodation and having no accumulated assets.⁵

There are regional variations in price levels and living standards, even within the Province of Ontario. For instance some food items are more expensive in northern Ontario than elsewhere because of the cost of transportation.

Annual income is used to determine a poverty line, but this may be an unsatisfactory way of determining low income. Annual income patterns change during the life cycle, being modest for younger age groups, larger from this time to retirement and then smaller again. The young expect their incomes to continue rising and thus even though they are "poor" they may not regard themselves as being so. Students may be foregoing income now in order to increase their earning capacity later. Retired persons are likely to be unable to protect their present income position. The subject of retirement incomes and deferred consumption is much too complicated to discuss here.

There are also problems in the short time base of one year. Some families with low incomes in one period recover in the next; economic conditions and the rate of unemployment fluctuate causing incomes to vary. Strikes, layoffs, changing export trade patterns and other similar conditions may be short term phenomena causing an annual income to be a poor indicator of the potential income level.

For these reasons statistics counting the numbers of low income recipients are less than completely accurate. The latest data available on income distributions are contained in a 1967 sample survey carried out by the Dominion Bureau of Statistics. Data on income sources are not available. Projections into 1970 of 1967 data are somewhat outdated. No adjustments can be made for changing socio economic conditions such as the trend to an increasing number of families with more than one wage earner; compensating adjustments for increasing wage and salary levels in the last three years are somewhat problematic as are adjustments for changes in social assistance payments (e.g. Old Age Security, Family Benefits and General Assistance); the effects on income distribution of higher rates of unemployment in the last 6 months are unknown.

5. Podoluk, J., Incomes of Canadians, p.181.

Throughout this brief Economic Council of Canada guidelines, updated by the Ontario Department of Treasury and Economics, have been used as the definition of poverty. We have misgivings about the reliability of statistical data contained in this presentation; however no other data are available except 1967 poverty lines and income distribution projections based on the sample survey done by the Dominion Bureau of Statistics in the same year. Thus there may indeed be one million men, women and children living in conditions defined by our statistics as "poverty" or this may be an over-estimate or perhaps the numbers have been underestimated; no one knows.

Using the adjusted poverty lines of the Economic Council of Canada, this is how a low income might be spent. The 70 per cent poverty line budget includes only food, clothing and shelter.

TABLE 2
LOW INCOME BUDGETS
1969

Consumption Pattern	Family Size				
	1	2	3	4	5
Food, Shelter and Clothing	1330	2212	2653	3101	3542
Deductions (a)	293	513	631	716	533
Uncommitted Income	277	435	506	613	985
	1900	3160	3790	4430	5060

(a) Deductions for: Income tax, Canada Pension Plan, Ontario Hospital Insurance, Ontario Health Insurance and Unemployment Insurance.

Poverty Lines and Social Assistance Payments

A social assistance payment based on need is also a definition of a minimum acceptable standard of living or a poverty line. Because social assistance payments are not subject to income tax they cannot be directly compared to poverty lines based on gross income. Also, recipients of social assistance receive free additional benefits which wage and salary earners sometimes must purchase for themselves. Examples are health and medical insurance premiums. For these reasons social assistance allowances are more comparable to the "net income" position of the employed person than to "gross income". In order to compare social assistance payments to poverty lines it is necessary to convert them from a net to a gross basis. This has been attempted in Table 3.

TABLE 3
GROSS INCOME EQUIVALENTS
OF SOCIAL ASSISTANCE PAYMENTS
IN ONTARIO

Family Size (a)	Social Assistance	Equivalent (b) in Gross Income	Poverty Line
1 person (living alone)	\$1,380	\$1,630	\$1,900
(disabled)	1,560	1,844	
2 persons (adults living in unheated premises, southern Ontario)	2,448	2,912	3,160
2 persons (1 child 0-9)	2,234	2,857	3,160
(1 child 16+)	2,544	3,146	
3 persons (2 adults, 1 child 0-9)	2,772	3,367	3,790
(2 adults, 1 child 16+)	2,964	3,602	3,790
(1 adult, 2 children 0-9)	2,664	3,311	3,790
(1 adult, 2 children 16+)	3,024	3,793	3,790
4 persons (2 adults, 2 children 0-9)	3,156	3,856	4,430
(2 adults, 2 children 16+)	3,516	4,290	4,430
(1 adult, 3 children 0-9)	3,048	3,788	4,430
(1 adult, 3 children 16+)	3,576	4,245	4,430
5 persons (2 adults, 3 children 0-9)	3,540	4,340	5,060
(2 adults, 3 children 16+)	3,636	4,458	
(1 adult, 4 children 0-9)	3,432	4,276	5,060
(1 adult, 4 children 16+)	4,128	5,187	5,060

(a) Allowances for families of two to five persons are based on the pre-added budget of The Family Benefits Act plus rented, heated shelter at the maximum rate.

(b) Added to the basic allowance are amounts for income tax deductions at 1969 rates, contributions for unemployment insurance, and the Canada Pension Plan; Ontario Health Services Insurance Plan and Ontario Hospital Insurance at full rates. Family and Youth Allowances are included.

To the "equivalent in gross income" column an additional amount has to be added. There are two major items omitted because their cash value could not be assessed with any certainty:

Work expenses

Dental assistance.

Undoubtedly clothes, transportation and lunches cost the working person something in addition to the ordinary living expenses he has in common with the social assistance recipient but how much more cannot be readily calculated. Also, provincial allowance recipients with children receive free dental care.

A premium of \$1.40 per beneficiary per month is paid by the Ontario Government to the Royal College of Dental Surgeons. A similar type of insurance is not available to the working person and the premium is not a measure of the value of the benefit. The cost of equivalent dental care could not be determined.

Table 3 shows that gross earned income equivalents fall short of the poverty line by 10 per cent or more for families with young children; when children are older the poverty line and gross income are more nearly equal. If work expenses and dental care are taken into account it appears that at the poverty level there is not much monetary advantage in favor of income from work as opposed to income from welfare.

B. Policies of the Province of Ontario to Meet Poverty

The primary concern of the Department of Social and Family Services is with social assistance and social services programs. Since this brief is being presented by the Department of Social and Family Services and not by all Ontario Government Departments, primary emphasis is on income maintenance and social services and their impact on low income groups. However, other departments do make very substantial contributions to the alleviation and prevention of poverty and in order to give a more appropriate perspective a brief outline of some of these has been included.

Education has been demonstrated to be associated with the variation in earnings among individuals and among occupations. One of the common characteristics of low income groups is a low level of educational achievement. Public investments in social capital probably have a profound effect in improving the income earnings potential of individuals. As economists have noted, raising the educational level of the labor force has an important relationship to increasing the national level of economic growth. One of the more effective routes to a reduction in the incidence of poverty may be through improvements in the educational attainments of the population. During the last decade education services at every level, elementary, secondary, post secondary and university, have been high priority items in all Ontario budgets. To a considerable extent then future incomes are likely to have been improved by these investments.

Ontario public and mental health programs have expanded during the decade. Improved access to health services and treatment facilities has been provided with the introduction of hospital care and medical insurance programs. Health care services have been extended and made available to residents of the Province generally.

In the area of public housing, the Ontario Housing Corporation controls the development of such housing throughout the Province. It manages various family and senior citizen rental dwellings, either itself or through local housing authorities. Many low income individuals and families have been able to improve their living conditions through the rent-geared-to-income program of the Ontario Housing Corporation. Land assembly and condominium development are also important measures in assisting those with low incomes to own their own homes. In the next fiscal year, the amount of money required by the Ontario Housing Corporation is almost \$97 million dollars.

In social development Ontario has introduced a variety of services which have added to the quality of life. Some of the programs of particular benefit to those with low incomes are consumer protection and legal aid. The Human Rights Commission protects individuals against discrimination because of age, race, creed, color or nationality. A number of community development programs are sponsored by various departments relating to citizenship, recreation and other local services.

Ontario Government agencies have been directly involved in creating new jobs for new entrants into the labor force, in relieving regional economic disparities and in increasing export trade. The Ontario Development Corporation designates areas where industrial expansion is desirable; they have a program of Equalization of Industrial Opportunity which provides forgiveness of loans for certain new industrial activities in these designated areas. Expansion of employment opportunities is thus encouraged in slow growth regions.

Some departments have programs which assist particular geographical areas or groups of people; for instance the Department of Agriculture and Food has an extensive rural development program, the object of which is to improve incomes.

The departments and agencies of the Ontario government which promote economic growth, a high level of employment, improved health services and facilities, increasing access to educational opportunities and carry out other similar activities make a very significant longrun contribution to the prevention of poverty causes. However, not everyone is able to take advantage of rising levels of prosperity and improved social services. Also, there are many persons who are outside the labor force and who need special programs to assist them. It is to these individuals and families that the programs of the Department of Social and Family Services are particularly directed.

C. Poverty and the Social System

Income inadequacy and income insecurity are common to large numbers of people who cannot improve their relative positions by themselves. Social assistance provides the basic support essential to those who are for one reason or another unable to maintain themselves. Some are incapable of offering their services in the labor market and are likely to be dependent on government transfer payments for long periods of time. Others are in and out of the labor force and are intermittently dependent. Many other persons with low incomes are fully employed or are employed for substantial portions of the year. For them the problem is lack of education and job skills, lack of employment opportunities or inability to change occupations. In most instances the social system somehow or other is inappropriately organized.

Some people are caught up in government policies for controlling inflation which put them out of work by increasing the rate of unemployment. Many of these are particularly vulnerable to the vicissitudes of economic conditions, many are marginal employees, the last to be hired and the first to be laid off. During a period of rising unemployment the most insecure are those whose attachment to the labor force is weakest. During such periods, not everyone who wants to work has the opportunity to do so. Marginal employees tend to be those with marginal educational achievements. The "drop outs" of the educational system become occasional labor force dropouts. Social assistance becomes their income source during periods of unemployment.

Even the most comprehensive health prevention and treatment programs cannot insure that all individuals can enter and continue as members of the labor force. Social assistance frequently becomes the last resort program for the mentally retarded, physically disabled and blind persons, and for those who become incapacitated through illness and accidents. No general social security provisions have been developed to insure earned incomes against long-term illnesses; some people become poor as a result.

Aged persons and young children are outside of the economic mainstream. Society has generally agreed that people should retire about age 65. Many female heads of families have the responsibility for caring for young children. Even if they could become employed opportunities are more restricted for them than for men. Because of their children it may be difficult to accept a job. Many of the jobs available to women do not pay enough to cover their work and day care expenses. Many have low skill levels and are unable to earn more than they can obtain from social assistance programs.

Even for those in the labor force regularly, earnings are no assurance of a continuing income or an income sufficient to maintain an acceptable standard of living. Lay-offs in low paying industries are not uncommon when the economy is undergoing a significant slow down. Industrial technology makes it increasingly difficult for persons with low educational achievements to maintain themselves in employment above poverty level wages.

Improvements in their economic position are largely beyond the capacity of poor people to manage by themselves. For many continuing governmental support is necessary and income maintenance programs have been developed to meet some income deficiencies. These are primarily payment programs and the objective is to support people when the education, health or other social services have not enabled them to achieve the ability to sustain themselves. As a preventive measure social assistance is too late because the circumstances causing dependency are already present. Fundamental underlying causes of poverty are not in the income maintenance system but outside it. No one should expect social assistance to eliminate the origins of these difficulties; it does not provide access to earnings opportunities. The major issue in social assistance as an anti-poverty device is the size of the income to be provided.

The fact that hundreds of thousands of people in Canada depend on the social assistance structure for their livelihood does not condemn it as a failure. For many such as the aged, blind and children there is a limited earnings capability. If the needs of such groups are generally adequately met through social assistance then the system meets the objectives for which it was designed.

It is not our social assistance programs which are a "failure"; our social system is not without flaws. If reasonably adequate social assistance payments are more financially rewarding than income from work, perhaps one place to seek poverty remedies is in the private employment sector. Adjustments in employment practices in the private sector may be more effective than work incentives built into the social assistance structure. Self-help mechanisms for individuals through training, increasing labor mobility, improved health care and other social services are also another possibility. Programs to increase job opportunities and levels of employment are among the obvious macro-economic tools to eliminate poverty.

If the most effective basic approaches to poverty prevention lie in the direction of co-ordination of manpower and employment policies between the private and public sectors of the economy why have we not put more emphasis on this approach? Have we as Canadians really committed ourselves to the objective of eliminating poverty or is this a conditional goal; for instance do we regard a stable economy and regulation of inflationary pressures as perhaps an overriding priority?

Transfer payments are used to redistribute income, but there does not seem to be a consensus about what degree of equalization is desirable. Transfer payments are financed primarily through taxation and as the white paper on taxation has recently noted there is now a requirement for tax relief for low income families. Our social assistance and income tax structures seem unco-ordinated.

As a nation we do not seem to have reached a consensus concerning what should be done to improve matters. What are our social goals? What are our priorities? Will we harmonize the tax structure among the three levels of government? Will we co-ordinate the social assistance structure and the tax structure? Have we committed ourselves fully to working toward a more equitable income distribution pattern? How are we going to co-ordinate our priorities among the three levels of government and how are we to reconcile the differences?

Some of the social conflict and discontent around us are reflections of a dissatisfaction with things as they are. A national viewpoint about what we should do to improve matters is still being formulated. A critical examination of our social system and our national expectations seems to be indicated.

D. Poverty Estimates

Our reservations about the statistical techniques and the data from which Canadian income distributions have been derived have already been set out previously. There are many problems in such data, however until it has been improved there is no alternative but to use some of it to indicate the dimensions of the poverty problem. However no detailed planning or preparation of cost estimates for alternative programs can be done with an acceptable degree of reliability until data and techniques are improved.

The number of persons who are poor may vary considerably from the estimate below.

TABLE 4
POVERTY ESTIMATES
ONTARIO
1969

	No. Units in Poverty	% of all Units in Poverty	No. Persons in Poverty	% of Persons in Poverty
Unattached individuals	185,750	33.2	185,750	18.0
2 person families	84,270	15.5	168,540	16.3
3 person families	39,920	10.7	119,760	11.6
4 person families	41,840	11.1	167,360	16.2
5 person families	32,700	13.9	163,500	15.8
6+ person families	36,960	15.8	228,720	22.1
	421,440	n.a.	1,033,630	100.0

Source: Ontario Department of Treasury and Economics. (See Tables 1 and 5)

This estimate indicates about one third of all unattached individuals and about 13 per cent of all family units live in poverty. Most of the unattached individuals are under 24 or over 65; they include many students and retired persons. The distribution by family unit size indicates that the incidence of poverty is more or less evenly distributed among all family unit sizes. Therefore policies directed toward relief of poverty should not concentrate exclusively on the larger family units.

The estimated distribution of all families and individuals by income level in Ontario is indicated in Table 5.

E. Organization of Department of Social and Family Services

The major activities of the Department of Social and Family Services are administration of income maintenance programs and provision of social service programs. Details on these programs may be found in the following chapters.

The Department is organized in three main divisions and further subdivided into branches. A few branches are outside the divisional structure.

Social Development Services Division

- Family Benefits Branch
- Municipal Welfare Administration Branch
- Homes for the Aged Branch
- Vocational Rehabilitation Services Branch
- Family Services Branch
- Legal Aid Assessment

Children's Services Division

- Child Welfare Branch
- Children's Institutions Branch
- Day Nurseries Branch

Financial and Administrative Services Division

- Accounts Branch
- Audit Services Branch
- Financial Consulting Services Branch
- Systems and Procedures Branch
- Administrative Services Branch

Other branches

- Field Services Branch
- Personnel Branch
- Training and Staff Development Branch
- Planning and Research Branch
- Legal Branch
- Program Analysis
- Medical Advisory Services.
- Communication Services Branch

Gross expenditures of the Department for the last ten years are outlined in Table 6.

TABLE 5

ESTIMATED DISTRIBUTION OF FAMILIES AND INDIVIDUALS BY INCOME
ONTARIO, 1969 (REVISED)

Income Group	Unattached Individuals	All Families	2 Person Families	3 Person Families	4 Person Families	5 Person Families	6+ Person Families
less than \$1,000	63,280	27,320	15,720	4,830	3,010	1,650	2,110
1,000 - 1,999	136,080	41,280	27,110	5,940	3,770	1,890	2,570
2,000 - 2,999	55,440	74,270	36,320	14,480	10,550	5,900	7,020
3,000 - 3,999	59,360	85,020	31,980	18,570	15,440	8,960	10,070
4,000 - 4,999	72,800	98,680	29,270	21,540	21,090	12,970	13,810
5,000 - 5,999	52,080	155,670	41,740	33,790	35,030	22,170	22,940
6,000 - 6,999	45,920	192,900	56,380	43,450	42,560	25,230	25,280
7,000 - 9,999	53,760	525,340	157,200	117,350	116,380	68,870	65,540
10,000 +	21,280	559,520	146,360	111,410	128,810	88,200	84,740
Total	560,000	1,760,000	542,080	371,360	376,640	235,840	234,080

Source: Ontario Department of Treasury & Economics
February, 1970

TABLE 6
GROSS EXPENDITURES
DEPARTMENT OF SOCIAL AND FAMILY SERVICES

	Gross Provincial Expenditure	% Increase	Gross Per Capita Expenditure	% Increase
1959 - 60	\$ 68,335,327.23	-	\$ 11.44	-
1960 - 61	76,900,847.72	12.53	12.58	9.96
1961 - 62	85,361,072.56	11.00	13.69	8.82
1962 - 63	92,067,299.14	7.85	14.50	5.91
1963 - 64	101,734,616.18	10.50	15.70	8.27
1964 - 65	114,928,532.99	12.96	17.33	10.38
1965 - 66	132,611,786.50	15.38	19.53	12.69
1966 - 67	143,042,110.56	7.83	20.55	5.22
1967 - 68	198,298,421.39	38.62	27.74	34.98
1968 - 69	242,153,801.25	22.11	33.14	19.46

Source: Public Accounts of the
Province of Ontario
1960 - 1969
D.B.S. Catalogue No. 91 - 201

II. INCOME MAINTENANCE: PROVINCIAL PROGRAMS

Two major income maintenance programs are available through provincial legislation administered by the Department of Social and Family Services.

Family Benefits is an assistance program which provides allowances on a monthly basis to persons likely to be in need for extensive periods of time.

General Welfare Assistance is for the most part a municipal program providing weekly or monthly cheques to meet shorter term needs.

In addition to direct income maintenance through allowances, recipients in both programs receive free hospital and medical care; Family Benefits recipients are covered by insurance arrangements while municipalities may choose either to insure their clients for hospital benefits or to pay actual per diem rates. Families with dependent children are covered for dental care under Family Benefits. A few municipalities have similar arrangements for their clients and others provide dental care on a selective basis. In addition a person receiving Old Age Security may qualify for free medical and hospital insurance under the provincial Family Benefits program; either a needs test or an income test may be applied to determine eligibility.

The principal provisions of both programs are outlined in detail below. These programs in effect provide a guaranteed income for persons who are outside the labor force.

A. General Welfare Assistance

This legislation was originally enacted in the 1950's to enable the Province to enter into agreements with the federal government under the Unemployment Assistance Act (Canada); it has been amended a number of times and is now the instrument for cost-sharing under the Canada Assistance Plan (as well as for a number of residual cases remaining under the previous sharing arrangements). In the late 1950's the concept of needs testing in providing social assistance to unemployed persons in Ontario was introduced. In 1963 the legislation was amended so that the province itself could provide assistance to eligible persons, where formerly only municipalities and Indian bands had done this. Subsequent changes moved some municipal recipients to the provincial level. For example, widows and unmarried women aged sixty years and over, previously a municipal responsibility were transferred to the province in 1963.

Municipalities and Indian bands provide assistance to eligible persons who are in need within their jurisdictions. In unorganized areas where there are no municipalities, the Department of Social and Family Services is directly responsible. Provision has been made for municipalities to join together into a county or district unit for the purpose of administering General Welfare Assistance over larger geographical areas. There are now more than 900 municipalities in Ontario; of these about 480 administer assistance locally themselves; there are 19 county and district units covering 425 municipalities. It is our policy to encourage the formation of county and district units; the final decision, however, is left with the local governments. Forty-seven Indian bands have requested and secured approval to administer assistance.

General Welfare Assistance has three components.

(1) General Assistance - This is an allowance paid to maintain and assist people with their ordinary living expenses. It includes a pre-added budget for food, clothing and personal requirements determined according to a schedule which varies with family size and ages of children. Shelter

amounts are based on actual expenditures, subject to an overall maximum. If premises are unheated an allowance is provided for fuel. In addition, utilities and household supplies are included up to a maximum.

The amount of allowance is the difference between the budgetary requirements and the amount to be applied as income. Allowances vary with the needs of the individual or family. The administrator exercises some discretion in determining the actual amount paid.

Allowances for a person in a hostel are handled somewhat differently; the budgetary need is the cost of providing meals and sleeping accommodation. Budgetary needs for residents of nursing homes are fixed at \$10.50 a day. Foster children's needs are also flat amounts.

(2) Special Assistance - This is paid at the discretion of the local welfare administrator. It may be provided to recipients of General Assistance and to other persons in need; it includes items not covered by General Assistance such as drugs, dental and optical services, prosthetic appliances, travel and transportation, vocational training, comfort allowances, funerals and burials or, at the discretion of the Department, it may be used to augment general assistance where budgeted amounts are insufficient (for instance, for shelter). Payments are based on actual costs; amounts are generally determined at the discretion of the local administrator.

(3) Supplementary Aid - Benefits are available to recipients of Old Age Security or Family Benefits to help meet the cost of shelter or "extraordinary needs". The maximum amount available is \$20 per month; this class of assistance is also discretionary.

In order to qualify for General Assistance, a person must be deemed to be in financial need and must, in addition, be in one of the following groups:

(1) An unemployed employable person who is unable to obtain regular employment, but who satisfies the local welfare administrator that he is willing to undertake full time regular employment for which he is capable, and is making efforts to secure employment.

(2) A person who has lost the principal family provider (for example, a woman who is head of a family).

(3) A disabled person who is unable to engage in remunerative employment by reason of physical or mental disability.

(4) An aged person (no age limits defined).

(5) A resident of a nursing home.

(6) A resident of a hostel operated by a municipality or under agreement with a municipality for the care of needy persons who are homeless or transient.

(7) A foster mother on behalf of a foster child.

There are also other factors affecting eligibility. For instance, a person taking post-secondary education is not eligible for assistance. There is, however, an important exception: eligible women who are heads of families may receive assistance while continuing their education at any level.

Restrictions on employment and the supplementing of earnings apply to the first group only, that is, to unemployed employable persons. In order to be eligible for assistance under the Act an employable person cannot be engaged in remunerative employment at the time he makes application for assistance. However, there is no administrative definition of "remunerative employment"; as this pertains to conditions of eligibility it may be

determined locally. Similarly, the definition of "regular full time employment" is a matter for the local welfare administrator to determine. Patterns vary according to the discretion exercised by local administrators.

For the remaining groups, no work limitations are imposed. Female heads of families who earn less in full time regular employment than they could receive from public assistance are entitled to wage supplements, provided they are otherwise eligible. Similarly the other groups listed are not subject to work restrictions. (Many of these are, of course, unlikely to be able to find employment.)

Recently an earnings exemption was introduced so that all recipients and their spouses may retain part of their earnings and not have dollar for dollar deductions from their social assistance allowances; this is at the discretion of the local administrator. A more detailed explanation of how this will be applied is found on page 18. Previously deductions from gross income were permitted to cover the costs incurred in earning the wages, salaries and other income.

To qualify for Special Assistance a person must be in need: the same general restrictive clauses are applied as for General Assistance.

To be eligible for Supplementary Aid a person must be in receipt of a governmental benefit. This is defined to include persons receiving a pension under Old Age Security, assistance under Family Benefits and its predecessor Acts, a maintenance allowance under The Vocational Rehabilitation Services Act, and assistance under certain other residual categories.

Upon application for General Assistance or Special Assistance an applicant's liquid assets are examined to determine what resources he has to support himself. Liquid assets include "cash, bonds, debentures, stocks, the beneficial interest in assets held in trust and available to be used for maintenance, and any other assets that can readily be converted into cash". Each municipality determines how it will treat assets: no exemptions are set out in the legislation.

Budgetary requirements, or "needs", cover the basic weekly or monthly living costs of the applicant. In addition to amounts for food, clothing, utilities, household supplies, personal requirements, shelter and fuel, the basic allowance may be increased for special diets. The allowance is subject to an overriding maximum which varies with family size.

There is considerably more latitude in the budgetary requirements for Special Assistance. In particular, 20 per cent of the budgetary requirements is included as an additional item to cover contingencies. Actual costs may be included in the budget for items of Special Assistance at the discretion of the local welfare administrator.¹

For General Assistance the allowance is determined, after taking liquid assets into account, by totalling budgetary requirements and deducting income. In general, all income is taken into consideration, but there are some mandatory exemptions including Family and Youth Allowances. There are also the permissive exemptions for part-time earnings. Where income is obtained from providing a service, such as board and lodging, a percentage is applied to arrive at the net income figure.

No needs test for Supplementary Aid is required in the legislation. Any recipient of a "governmental benefit" is eligible.

1. Except for funerals and burials, and the comfort allowance, for which stated amounts are set out in the regulations.

B. Family Benefits

This part of our income maintenance program is relatively new in its present form, having been enacted in 1966 to implement the Canada Assistance Plan. It replaced former categorical programs for the aged, widowed, blind and disabled and allowances for mothers and permanently unemployable fathers. Both of the latter programs had been based on a needs test for a number of years prior to the introduction of the Canada Assistance Plan. Assistance to meet long term needs has been historically one of our priority areas. Mothers' allowances were introduced as early as 1920 and in 1952 the Province of Ontario introduced the first legislation in Canada designed to provide a special program for disabled persons: this became a shared-cost program with the federal government in 1954.

Family Benefits provides for allowances to help people meet their basic needs for food, clothing, shelter and other requirements as indicated above for General Assistance. Although the allowance structure is slightly different, for the most part eligible persons in like circumstances receive the same amounts under both programs.

Family Benefits allowances are provided monthly by the Department of Social and Family Services directly to persons in need. There are 19 field offices throughout the Province; about 400 persons are in the field, two-thirds of whom are direct service staff. Some counselling is provided by field workers. However, this is limited to such problem areas as budgeting and housing; professional counselling is available from other branches. Determination of eligibility is handled centrally in Toronto where applications for assistance are reviewed and checked.

The net allowance is calculated as for General Assistance, i.e. budgetary requirements less income. There are some fixed amounts in this program for special circumstances such as foster mothers. Allowances for residents in Homes for the Aged, Charitable Institutions, Nursing Homes and Homes for Retarded Persons are paid on a per diem basis up to a fixed monthly rate. In addition, these persons receive \$15 per month as a comfort allowance for their personal spending.

Recipients of Family Benefits are persons who are likely to require social assistance for some time, i.e. the blind, disabled, aged and sole support mothers with dependent children. They must be in financial need and in one of the following groups:

- (1) A person 65 years of age or over who is not receiving Old Age Security.
- (2) The wife of a man who is receiving Old Age Security, providing she is at least 60 years old and is not eligible in her own right.
- (3) A woman who is between ages 60 and 65 who is living as a single woman (e.g., a widow, an unmarried woman, a woman whose husband is in prison).
- (4) A disabled person who is at least 18 years old and is blind or has an impairment which causes him to be severely limited in activities pertaining to normal living.
- (5) A mother with a dependent child or children:
 - who is a widow;
 - whose husband has deserted her for three months or more;
 - whose husband is in a prison, hospital or similar institution;
 - who is divorced and has not remarried;
 - who is an unmarried woman.

(6) A dependent father with a dependent child or children.

(7) A foster mother with a foster child.

The procedure for establishing need for Family Benefits is the same as for General Assistance. Liquid assets are examined and then if these have a value below certain limits, need is determined by totalling budgetary requirements and deducting income. The difference is the amount of the allowance. The definition of liquid assets is almost the same as for General Assistance. There are, however, basic exemptions of assets. For a single person the exemption is \$1,000; for families the exemption varies according to the number of family members.

Budgetary requirements cover normal living costs and are set out in schedules. There are a few additional provisions under Family Benefits which are not available under General Assistance because of the particular problems of the recipients. For example, where the recipient is blind or disabled and confined to a wheelchair, a transportation allowance of \$30 is provided so that he may travel about the community. An overall allowance maximum varies with family size.

The calculation of income is comparable to that for General Assistance. Family and Youth Allowances are not included as income. Earnings exemptions are mandatory in Family Benefits; they are discretionary in General Assistance. Gross earnings are subject to exemptions so that recipients do not have a dollar deducted from their allowance for every dollar they earn. There is a basic exemption of \$24 for the first adult plus an additional \$12 for each dependent. This is deducted from gross earnings. Then 25 per cent of the excess of wages and salaries is exempted to encourage people to work. There is then considerable incentive for persons to supplement their earnings with income from employment. Mothers on Family Benefits are limited to a monthly average of 120 hours of remunerative employment.

In order to illustrate the effect of exemption provisions, they have been applied to representative allowances. The column "earnings beyond which ineligible" indicates the maximum annual earnings which a person could receive before he becomes ineligible for assistance. At this earnings level there would no longer be an allowance paid. Since income tax has to be paid on earnings at these levels, a recipient does not necessarily maximize his total net income when he earns these amounts. For a discussion of the taxation problem see page 46.

TABLE 7

EARNINGS EXEMPTION APPLICATION
TO SOCIAL ASSISTANCE LEVELS

FAMILY UNIT	SOCIAL ASSISTANCE BUDGET	INCOME EXEMPTION	EARNINGS BEYOND WHICH INELIGIBLE
1 person (living alone)	\$1,380	\$288+25%	\$2,126
(disabled)	1,560	288+25%	2,366
2 persons (1 child 0-9)	2,234	432+25%	3,409
(1 child 16+)	2,544	432+25%	3,822
3 persons (2 adults, 1 child 0-9)	2,772	576+25%	4,270
(1 adult, 2 children 16+)	3,024	576+25%	4,606
4 persons (2 adults, 2 children 0-9)	3,156	720+25%	4,926
(1 adult, 3 children 16+)	3,576	720+25%	5,486
5 persons (2 adults, 3 children 0-9)	3,540	864+25%	5,582
(1 adult, 4 children 16+)	4,128	864+25%	6,366

Source of Payments

There are broad arrangements for sharing the costs of social assistance among the three levels of government: federal, provincial, and municipal. Municipalities and Indian bands make the original outlays for the programs which they administer and then recover part of their expenses from the Province. Through the Canada Assistance Plan there is a general cost-sharing agreement between the Province and the federal government. For Indian bands administering social assistance cost-sharing between the senior levels of government is covered by a separate agreement; and the arrangement carries substantially a larger share of federal financing than in the case of the Canada Assistance Plan.

It should be noted that the general arrangements for cost-sharing provide not only for expenditures on behalf of persons receiving social assistance but also for the costs of administering programs in this field.

Characteristics of Recipients

Detailed statistics on certain characteristics of social assistance recipients and their geographic distribution throughout Ontario are included in the Appendix. A few highlights will be noted here.

Family Size - The average family size in Ontario, based on 1961 census data, is 3.8 persons, that is, for persons living in family units. In contrast the average number of persons in families receiving municipal General Assistance is 4.1. There are regional variations within the province. In southwestern Ontario families receiving General Assistance are approximately the same size as, or slightly smaller than, the average for the general population; in eastern Ontario they are about the same; in northern Ontario families receiving General Assistance are larger than the provincial averages.

Families receiving Family Benefits are smaller in size than those in receipt of General Assistance: the provincial average for the program is 3.6 persons. This is to be expected since the Family Benefits program includes many single-parent families. There are also fewer regional variations from the provincial average than in General Welfare Assistance although large families appear to be more common in northern Ontario.

Families and Single Persons - Almost one-quarter of General Assistance cases are single men; and the incidence is higher in metropolitan centres than in other parts of the province. To cite a few examples: the proportion of single males as a percentage of all cases is 35 per cent in Thunder Bay, 32 per cent in Toronto, 28 per cent in Hamilton, 25 per cent in St. Catharines. But there are notable exceptions to the pattern such as London with 15 per cent and Windsor with 11 per cent. About one case in five is a single female.

Male heads of families comprise a higher than average percentage of all cases in eastern and northern Ontario; female heads of families are higher than the provincial average in southwestern Ontario. The statistics in Table 3 demonstrate an expected relationship: there are seasonal fluctuations in the number of male heads of families in receipt of social assistance. The pattern follows closely the quarterly rate of unemployment in the province.

Slightly more than one-third of all Family Benefits cases are families headed by women. Available data do not allow all aged, disabled and chronic care recipients to be separated into single and family units by sex of head. However, we know that one-half of Family Benefits recipients are single persons. 20 per cent live in two-person units, and 30 per cent in units having three or more persons. Many of the two-person units will be a mother and child; some of the larger groupings will be intact families.

Expenditures per Beneficiary - Variations exist among administrative units in the expenditures per beneficiary for General Assistance. Large urban municipalities tend to have the highest levels. Of the 39 municipalities analyzed, the five largest are among the 10 highest ranking in terms of expenditures per beneficiary; the five smallest are among the 10 lowest ranking in expenditures per beneficiary. It appears that administrative units which have higher than average proportions of single males have higher expenditures per beneficiary. For example, the city of Kingston, although relatively small in population, has an expenditure pattern similar to some of the larger cities; it also has a very high proportion of single males. The larger town of Mississauga has a lower level of expenditures per beneficiary and a low proportion of single males.

Among county units of administration population size has little significance in explaining the pattern of expenditures. The larger county units seem to have lower expenditure levels than the smaller ones. For instance, the counties of Wellington and Oxford are smaller than York or Simcoe, yet have higher per beneficiary expenditures. It should be noted that there are many unknown factors which cannot be taken into account. For example, the number of beneficiary days paid for in each administrative unit is not known. In some areas where there is a very high turn over of cases, there may be many beneficiaries who received benefits for only one or two weeks in a month. Averaging caseloads and payments over a month may depress the payments per beneficiary in these units. In other units where recipients are continuously on social assistance for long periods of time, average beneficiary expenditures per month would more closely represent actual amounts received by recipients. Table 3 gives some indication of fluctuations in caseloads. Composition of the caseload by administrative unit is known only in terms of very gross characteristics; recipients have different needs which cannot be extracted from statistics on payments alone. Thus there may be differences due to allowances for fuel, shelter, diets, utilities and other partially discretionary items. There is some evidence from Table 3 that there may be a core of permanently dependent people on General Assistance; the numbers of employable and unemployable heads of families are not known and income from earnings cannot be determined. Also municipalities have considerable latitude in determining eligibility. Intensive study is required to determine more conclusively why payments vary.

In Family Benefits average expenditures per beneficiary fluctuate within a narrower range than is the case for General Assistance. The most significant cause of variations is the shelter component of Family Benefits allowances. Shelter payments are related to actual expenditures and these differ from one place to another across Ontario. Expenditures per beneficiary are higher than for General Assistance. One reason is that payments are always for a full month whereas General Assistance may be paid for a shorter period. When averaged over an entire month General Assistance average expenditures per beneficiary will therefore be lower. There may also be other important factors such as differences in the case composition, differences in the amounts provided for items included in the budgets, etcetera. It should perhaps be noted again that there are more beneficiaries per case in General Assistance than in Family Benefits. Since allowances per beneficiary decrease with each additional person in a case, it follows that Family Benefits expenditures per beneficiary would be somewhat higher on the average.

Case Composition - The Family Benefits caseload is composed as follows:

Aged	18%
Disabled	45%
Mothers	34%
Others	3%

The aged group consists of women between the ages of 60 and 65 and persons over age 65 who are not eligible for an Old Age Security pension. From a previous review of the disabled group, it is known that about one in three is mentally retarded.

Geographical Distribution of Social Assistance Cases - In northern

and eastern Ontario a significantly higher proportion of the total assessed population is in receipt of social assistance than in most other parts of the Province. The range of social assistance cases as a percentage of the assessed population in southern Ontario is 1 per cent to 5 per cent; in northern Ontario the range is 4 per cent to 11 per cent (the City of Sudbury and District of Sudbury are 4 per cent, the other units 6 per cent or greater); in eastern Ontario the range is 6 per cent to 9 per cent.

III. INCOME MAINTENANCE : MAJOR CHALLENGES

A. Problems in Provincial Government Income Maintenance Programs

There are two obvious points of difference between the Family Benefits and General Welfare Assistance programs:

Family Benefits is administered directly by the province with field operations handled through 19 regional offices. General Welfare Assistance is administered by municipalities (except in northern Ontario).

The Family Benefits population is comprised of individuals and heads of families whose dependency appears to be long term. General Welfare Assistance covers a mixed group of persons whose needs may be either

immediate and short term; or

immediate and longer term, (more accurately of indeterminate length).

It is simplistic to contrast the two programs in terms of short term versus long term income maintenance populations. Yet the fact that each has been developed to handle one extreme rather than the other has significant implications for the operations of each program.

The two programs will be analyzed separately in the following sections.

Family Benefits

Eligibility determination - The process of determining eligibility has been structured so that initial information gathering is separated from final decision making. The field staff take information from applicants and send completed applications and supporting documents to the Department of Social and Family Services in Toronto where the determination of eligibility is made and the actual amount of allowance is calculated. The system is designed to secure the advantage of consistency through centralized decision making.

There are three broad substantive areas in which persons applying for an allowance under Family Benefits must establish eligibility.

(1) They must be resident in Ontario.

(2) They must come within at least one of the classes of persons eligible for an allowance under the Act. Family Benefits is designed to aid people who are disadvantaged in their capacity to support themselves and their families for reasons such as blindness, physical and mental disability, old age, and family responsibilities in the case of sole support mothers. The criteria in certain categories are necessarily limiting in definition: for instance the three month waiting period for deserted mothers, the five year period of separation for a wife aged 60 to 64, the establishing of 18 years as the minimum age of eligibility for a blind or disabled person.

(3) They must be "persons in need" as that phrase is defined by the financial test incorporated in the program.

Several steps are required to complete the eligibility process. The relevant facts must be established. This includes information on the applicant, on other persons in the family, and on total financial resources.

Certain points must be documented. The Family Benefits regulations require proof of vital statistics including birthdates, deaths, marriages. Further documentary evidence may be required according to the circumstances of the individual case.

Information provided by an applicant is normally verified by a field worker. Since the financial test under Family Benefits is a needs test, this means investigation of both sides of the financial equation.

All these procedures need not be completed prior to the establishing of eligibility. In fact there has been a trend in recent years toward permitting greater latitude in this area. There may however be difficulties for a few applicants: it is possible that an application may fail on a technical point of eligibility.

Needs Test - The Family Benefits program operates on the basis of a needs test which requires intensive investigation of financial resources. The test is efficient in ensuring that assistance is directed only to those who need it; but the procedures of detailed financial investigation raise certain problems. One common viewpoint is given characteristic expression in this comment by Dr. James Cutt: "In many respects the most disagreeable aspect of traditional income maintenance measures has been the . . . comprehensive examination of the individual means and resources of each applicant as the basis of financial assistance."¹ It should be noted, however, that there is a paucity of studies on the attitudes of recipients themselves. A recent American study on recipients of Aid to Families with Dependent Children - a program which is wide ranging in its investigatory powers - indicated that over 80 per cent of the recipients did not mind, or minded very little, the process of investigating their financial resources.² It is our intention to explore this dimension of needs testing in an attitudes survey of "mothers" on Family Benefits in Metro Toronto scheduled for later in 1970.

There is some evidence to indicate that the most controversial areas of resource testing are those intimately involving the personal lives of recipients. Approximately one-third of the Family Benefits population consists of mothers with dependent children. In cases in which there is a husband or father living, one aspect of needs testing is to determine whether aid is available from this source. For deserted wives and unwed mothers this may involve recourse to procedures under legislation designated to elicit financial support. The criticism is that such procedures may intrude on the privacy and dignity of the individual. There are similar problems in investigatory procedures to determine whether women are living as "single persons".

It is relevant to observe that there are conflicting currents of public opinion in this area which create a dilemma for public policy. There is a social belief embodied in law, that a husband or father is responsible for the support of his dependents according to his financial resources and that a man living in a household as a husband should contribute to the support of that household. The policy implication is that this resource must be explored, and procedures to this end are necessary to legitimate the costs of public assistance to a certain section of the voting and tax-paying public. A differing point of view, frequently voiced by civil rights workers and professional social workers, emphasizes the rights and dignity of the individual recipient. There is a third point of view implicit in the acceptance among a segment of the public, of the concept of the guaranteed annual income. Its operative procedures could by-pass both the categorical approach to public assistance and the exploring of potential resources as a condition of eligibility. At present needs tested income maintenance programs, inspite of certain inherent advantages, occupy a controversial position.

The Family Benefits program covers a variety of people in differing circumstances; the basic allowance provides the essentials common to all categories. There are additional items for certain recipients: special diets, a travel allowance for the blind and disabled, life insurance premiums where there is a dependent child, house repairs as a discretionary item. But there is no general provision for contingency items, particularly important for some categories of

1. Cutt, James, A Guaranteed Income for Canadians, Toronto: The Ontario Woodsworth Memorial Foundation, 1968. p.11.

2. Handler, Joel E. and Hollingsworth, Ellen Jane, How Obnoxious is the "Obnoxious Means Test"? The Views of A F D C Recipients. Madison: Institute for Research on Poverty, 1969.

recipients. The local municipality retains a residual responsibility for those of its residents who are recipients of Family Benefits. Application can be made to the municipality for supplementary aid (to a maximum of \$20 shareable with the province) or special assistance (for certain items only); but any assistance which the municipality gives is entirely at its option. Structurally the General Welfare Assistance program is well adapted for providing aid efficiently and rapidly, often the essence of emergency assistance, but there are additional costs, administrative problems and sometimes hardships for applicants in screening through two programs.

There is an unresolved problem in the area of providing contingency aid. It is not a problem which is unique to Family Benefits. It applies to other income maintenance programs such as Old Age Security from which recourse must also be made to the municipality when additional assistance is required. And it is a problem which may be projected into the future in the event that some form of guaranteed income is implemented. From the studies we have made of guaranteed annual income plans it is evident they cannot entirely replace needs tested income maintenance programs.

Needs testing involves a continuing process of assessing eligibility and adjusting allowances to changing circumstances. When circumstances on either side of the needs equation change, they are likely to affect either entitlement to allowance or the amount of the allowance under Family Benefits. For some individuals and for some categories of recipients there may be few changes over a relatively long period of time. But for others there may be frequent changes, for instance, income can change from month to month when part time earnings or rental of rooms is involved. The Family Benefits allowance is established on a monthly basis. When recipients fail to notify the Department of such changes and a visit from a field worker does not occur for several months, complex calculations are necessary to make the requisite changes in allowances. Where an overpayment has been made by the Department, arrears are usually recovered by reducing the allowance for a period of time, with the exceptions noted below.

Recent changes in the regulations make it possible to average income over a period of months in several instances. For blind and disabled cases income from work may be averaged over a period up to six months. Some forms of income are likely to be irregular and payments may apply retroactively, among them, various pension and insurance benefits and payments from husbands and fathers. It is now possible for such income to be averaged over the number of months to which they apply.

Adjusting allowances according to the basic concept of a needs test is a highly complex and detailed procedure. Simplification in this area is a desirable goal.

General Welfare Assistance

The General Welfare Assistance program is administered by municipalities in southern Ontario and by the Province in northern areas without municipal organization. The Act and regulations set out provincial standards which are applied by the municipalities. General Welfare Assistance is a highly decentralized system in contrast to Family Benefits which maintains regional offices for purposes of administration but with decision making centralized at the provincial level.

It should be noted that General Welfare Assistance is an outgrowth of the original municipal responsibility for the care of the local poor. The province has gradually extended its interest in this field through subsidization of municipal costs and the establishment of basic standards. It is apparent that a system in which responsibility was exclusively municipal would result in wide discrepancies in the standards of social assistance. In contrast a provincially administered system would face serious problems of inter-regional economic disparities noted in the next section. The present program occupies a

middle position with the province asserting a broad interest in the standards maintained by the municipalities but leaving them flexibility to adapt the system, within bounds, to local needs. The precise point at which the two are in balance is a matter of opinion.³

Eligibility - "Persons in need" according to the financial requirements of the program are only eligible where the causes of need are "inability to obtain regular employment, lack of the principal family provider, disability or old age". The criteria exclude most of the working poor for reasons which are fully analyzed in a later section of our brief.⁴ There is, however, an additional problem area. Centralization as in Family Benefits leads to consistency in decisions about eligibility. Decentralization is likely to result in differing applications by municipalities of the eligibility provisions written into the provincial program. When categories are broadly stated ("disability") or where they are problematic ("inability to obtain regular employment"), municipal interpretations may differ. Sometimes there are locally and provincially contentious issues about entitlement to support. The size of the municipality and its resource base, the amount of the welfare budget, the ability of the local staff to cope scientifically and sympathetically with complex situations, these factors and others influence municipal decisions on the provision of general assistance to certain applicants as well as on other aspects of the program.

Variations in entitlement are significant for optional forms of assistance. Special assistance is available for certain important items including non-insurable health expenses such as optical and dental services for "persons in need" as defined by the regulations. But, like supplementary aid for recipients of Old Age Security and Family Benefits, special assistance is provided at the discretion of the municipality. Eligible applicants may be refused despite demonstrable need.

Definition of need - Economic differences among municipalities also affect the definition of "needs". The level of allowance is a particular problem since the General Welfare Assistance program provides for unemployed but employable persons; the relationship between their standards of living on social assistance and the community standard of living, particularly of their peers who are employed, is inevitably a source of concern to the municipality. The General Welfare Assistance program recognizes inter-municipal differences by having the pre-added budget which is identical across the province include only these items: food, clothing and personal requirements. For utilities and household supplies the local welfare administrator has the option of determining an amount up to a maximum. The shelter allowance based on actual expenditures also reflects differential costs of living between areas (although it does not reflect the whole range because of the application of a shelter maximum).

There is a degree of flexibility built into the program so that allowances can be adjusted according to local economic conditions. It should be noted however that in the absence, inter alia, of community budgetary studies there is no precise indication of what the relevant economic differentials are between communities and it is not clear how accurately these are reflected in the levels of general assistance established by the municipalities.

-
3. On the alternatives of provincial or municipal administration of public assistance the Ontario Committee on Taxation has commented: "That the local government, as the level of jurisdiction closest to home, is peculiarly well suited to the dispensation of welfare services constitutes one of the time-honored canons of public administration. Indeed, so hallowed is the canon that it might better be called a cliché. But like most clichés, it is backed by a strong element of truth whose simplicity is startling. Welfare services must start and finish with a personal confrontation between the applicant and a representative of the appropriate welfare service in the community".

Report. The Ontario Committee on Taxation, Toronto: Queen's Printer, 1967, Vol. 2, p. 424.

4. See p. 39 and ff.

Regional disparities have created problems for the federal government in incorporating standards in the programs it administers nationally. Within a province as large and diversified as Ontario there are somewhat comparable problems in defining needs in relation to community standards. This is one of the major problems of needs tested income maintenance programs, particularly those providing assistance to employable recipients.

Administration - It appears evident that with 500 municipal governments administering General Welfare Assistance there will be significant differences in the administrative standards and in the somewhat intangible dimension of styles of welfare administration. The provincial Act and regulations set out the framework within which the municipalities must operate. Many administrative details are decided at the local level. In addition to the statutory application and other forms distributed by the province, municipalities may devise their own forms for use in administering the program locally and investigatory procedures may be tailored to local standards. (The problems inherent in the investigatory process outlined in connection with Family Benefits are compounded at the local level and most of the criticisms of infringement of privacy and individual rights are directed at municipal practices designed to detect fraud.)

Municipalities which vary in size from small villages to large cities such as Metropolitan Toronto obviously have differing resources with which to operate a public assistance program. It is not necessary to generalize about the optimum size of an administrative unit in this field in order to suggest that there is a size below which it is not feasible to develop such resources as full time personnel. Hence the Province has encouraged the formation of county units and district welfare administration boards which have replaced the individual administration of General Welfare Assistance by almost one half of the municipalities in Ontario. There are at present 23 multi-municipal units administering public assistance, including Metropolitan Toronto and two regional governments.

The creation of consolidated units does not automatically obviate the problems which can arise in a decentralized system of administration. It does however provide a basis for higher standards of professionalism in the administration of the program.

Assets - The legislation is silent about the treatment of nonliquid assets and there are no requirements setting out exemptions of liquid assets. Assets readily convertible into cash are to be used for maintenance. Given the goal of preventing a state of prolonged dependence on social assistance, it may be desirable to exempt some resources for short term recipients so that they have both the opportunity and possibly the incentive to regain their independence. Exemptions of assets have been incorporated in long term programs of social assistance such as Family Benefits. There are greater difficulties in extending the principle to General Welfare Assistance. It is none the less an area for study in relation to the emerging concept of rehabilitation as one of the goals of social assistance programs.

Linkage between Family Benefits and General Welfare Assistance programs - The two provincial income maintenance programs are closely related. Many recipients pass from one program to the other. Thus Family Benefits recipients may receive General Assistance

- (1) prior to establishing eligibility for Family Benefits;
- (2) in case of a suspension from Family Benefits for some reason;
- (3) when eligibility for Family Benefits no longer exists, most frequently in the case of a "mother" whose family is grown.

In a random sample drawn from mothers receiving Family Benefits in Metropolitan Toronto over 80 per cent had transferred to the provincial program from General Welfare Assistance. Transfers sometimes create problems because the conditions of eligibility are not identical in the two programs. There are for instance asset exemptions in Family Benefits but not in General Assistance and thus some people may be disadvantaged in the process of transferring from one program to another.

When Family Benefits recipients become ineligible for the program they may at some time have to apply for General Assistance. Suspensions and cancellations may occur for a variety of reasons including excess financial resources, infraction of regulations, full-time employment. In some cases this may mean that a recipient has become financially independent. In other circumstances it may result in an application to a municipality for General Assistance. The cancellation or suspension of a Family Benefits Allowance may be a serious matter; its consequences are mitigated by the existence of the General Welfare Assistance program as a court of last resort.

The flow of people between the two programs has not yet been precisely documented. The interrelationship cannot be adequately understood until more detailed statistical information is available on both programs. This is an area in which analysis is required so that an adequate profile of individuals and families in receipt of provincial income maintenance can be obtained. It is the intention of the Department to carry out a study of General Welfare Assistance and Family Benefits with this objective in view. In future additional data may be provided through the use of surveys to supplement the information systems of the Department.

Information and Communication - The provision of information about social assistance programs is a question which has several dimensions. There is the problem of providing detailed information about specific aspects of a program where the legislation is silent. In both Family Benefits and General Welfare Assistance the pre-added budget set out in the regulations is not broken down into its component allowances. The technique of using a pre-added budget which incorporates several items adjusted for families of varying size and age composition is administratively efficient and reduces the number of questions which applicants must answer in order to establish their needs. It is not possible for recipients to know how this part of their basic allowance is made up.

The question of providing detailed information should be set in the broader perspective of "the right to know". To what extent should information be widely available on social assistance programs? The salient point concerns the provision of information in readily accessible form to those most directly concerned, the recipients of social assistance. Information is supplied in response to individual enquiries and brief descriptions of programs are available. But at a time when recipients are becoming actively interested in knowing the full details of programs and their legal entitlement to benefits, more systematic approaches may be appropriate.

Needs tested income maintenance programs are complex and not easily explained. Some recipients are disadvantaged in their ability to comprehend. Despite these problems, the provision of information is an important area for development in both Family Benefits and General Welfare Assistance programs. The Department plans to introduce handbooks which will provide basic information to interested persons.

Information, moreover, has a larger dimension than merely providing recipients with details about the operation of a specific program. The emerging role of departmental field staff emphasizes the concept of providing services to clients. This includes informing clients about services available through other agencies and programs, in short, attempting to link programs through the medium of communication with clients.

It is also important that there be a feedback of information from clients about programs. The Department believes that communication is a two-way street.

B. Problems in Federal Government Income Maintenance Programs

There are a number of federal government income maintenance programs operating in Ontario. The three most important programs are: Family and Youth Allowances, Old Age Security and the Guaranteed Income Supplement and Unemployment Insurance. Ontario social assistance programs for the most part are cost-shared through the Canada Assistance Plan which requires a needs test approach incorporating both income and resources. Although needs testing is unappealing to some people it has two major advantages. It ensures that payments are restricted to those whose income and other resources are insufficient to sustain them and as payments are related to needs it ensures that individual needs (as defined by the legislation) are met.

In contrast, none of the three major federal government programs involves a needs test. Family and Youth Allowances and the basic Old Age Security program are categorical demogrants and are distributed without regard to the needs of the recipient. The Guaranteed Income Supplement is income tested and Unemployment Insurance is earnings related. The present mixed approach of these three programs produces two conflicting and undesirable results. Either scarce funds are distributed to individuals who do not need them and/or the benefits do not meet the needs of the recipient.

The Family and Youth Allowances Program

The Family and Youth Allowances program (including the related Family Assistance Program) affects over 1,000,000 Ontario families. Family Allowances are available to every child under 16 years of age who was born in Canada or who has resided here for one year. Payments are \$6 per month for each child under age 10 and \$8 for each child over 10 years of age but under 16 years. A virtually identical program known as Family Assistance offers the same benefits to children under 16 years of age who have not resided in Canada for one year and is intended to bridge the gap until the child is eligible for Family Allowances. The Youth Allowances program is a somewhat more restrictive demogrant which provides a monthly payment of \$10 per month (except in Quebec) to all dependent children age 16 and 17 who are either full time students or precluded from full time educational training by reason of physical or mental infirmity.

The three programs are similar and are collectively referred to as Family Allowances in this section except as otherwise noted. While there are some minor restrictions, the Family Allowance program is a categorical demogrant, subject to neither income nor resource testing and is distributed to all eligible families regardless of their need. It might be said that the system is needs oriented as the payments increase with the size of the family and the age of the children. However, as the same payments are made to identical families regardless of their income, i.e., whether they are well below the poverty line or in an 80 per cent marginal tax bracket, the needs orientation is somewhat questionable.

Family Allowances like all demogrant systems, have certain advantages. As all eligible families are entitled to allowances regardless of their needs the program does not distinguish between the poor and the non-poor and allowances are not viewed as welfare payments.⁵ Administration is simple and inexpensive. The major disadvantage of any demogrant system is that payments are made to all eligible families regardless of their need. As poor families are in the minority most funds are paid to the non-poor and considerable "leakage" occurs. Payments to the non-poor divert scarce resources from those who need them and reduce the redistributive effect.

The Department of National Health and Welfare has stated that the program was originally intended to provide for a redistribution of income in favour of low income families and low income regions of the country and noted that the objectives of the program are still being met, but to a much lesser extent than earlier as family allowances have not kept pace with the growth in national

5. In contrast, social assistance payments are viewed as welfare by some persons although they are provided as a right under the Canada Assistance Plan.

income and the purchasing power of Canadian families.⁶

Although the effect has diminished over time the program is undoubtedly redistributive. Family Allowances redistribute income vertically to low income families with children (including families receiving social assistance). Funds are taxed from single persons and childless couples and transferred to families with children. Horizontal redistribution occurs as funds from Ontario and some other provinces are transferred to less affluent regions. However the point is not one of whether income redistribution takes place, but rather:

How much income redistribution takes place, and

Whether the amount of income redistribution is acceptable in terms of the cost of the program.

The Department of Social and Family Services is not aware of any up-to-date study on the present redistributive effect of the Family Allowance program. A number of studies have been published in the past. However they have been carried out at different times and some of their conclusions are not totally compatible. It has been noted that "the amount of income redistribution between income groups, family types and geographical regions is much smaller than the amount of money turned over in the program would suggest."⁷

While the precise amount of redistribution is unknown it is relatively simple to determine the approximate proportion of Family Allowance payments which are made to non-poor families. The estimates in Table 4 (see page 10) indicate that approximately 13.4 per cent of Ontario families have incomes below the poverty line. The estimates are gross calculations and do not distinguish between families who are receiving Family Allowances and those which are either composed of adults or have no eligible children. Despite this shortcoming they can be used to illustrate the magnitude of payments to the non-poor, or "leakage" in the Family Allowance program.

If it is assumed that the incidence of poverty among families receiving the Family Allowance approximates the incidence among all Ontario families, then approximately 87 per cent of Ontario families who receive the allowances are above the poverty line. Even if it is assumed that the incidence of families receiving the allowances is understated by as much as 50 per cent then approximately 80 per cent of families receiving the allowance would be non-poor. Conversely if it is assumed that the incidence among eligible families below the poverty line is lower due to the disproportionate percentage of two person families in the poverty group then the leakage estimate would have to be something in excess of 87 per cent.

It might be argued that the percentage of total payments is less than the percentage of families who are above the poverty line as the "poor have more children." However the estimates would indicate that while the incidence of poverty tends to increase with family unit size the number of non-poor families is consistently far in excess of those below the poverty line regardless of family unit size and therefore this factor would not have a significant effect.

In any case it matters little whether the amount of leakage is 80 per cent or 87 per cent. The key question concerns the magnitude of leakage in terms of the cost of the system. The Department of National Health and Welfare Annual Statistical Report for 1968-69 contains annual expenditure data for the entire Family Allowance program. Total expenditures for Family and Youth Allowances and Family Assistance in 1968-69 were approximately \$616 million of which \$216 million went to Ontario families. If an 80 per cent "leakage" rate is assumed then only \$43 million was paid to poor families whereas \$173 million was paid to families who were above the poverty line, in Ontario. This would mean that for every 100 dollars in Family Allowances

6. A Review of the Role of the Department of National Health and Welfare in Relation to Poverty, Ottawa: February 1970, p. 31.

7. Deutsch, Antal, Income Redistribution through Canadian Federal Allowances and Old Age Benefits, Toronto: Canadian Tax Foundation, 1968, p. 47.

payments only 20 dollars went to a family below the poverty line.

The problem is compounded by the income tax system. The leakage would be reduced but by no means eliminated if some of the funds were taxed back; but Family Allowances are not subject to taxation. Until recently the income tax system created a very minor redistributive effect by allowing a \$550 deduction for children who were not eligible and restricting the deduction for eligible children to \$300. As the reduced deduction was compulsory regardless of whether or not the family received the allowance, taxpayers at higher marginal rates received less in allowances than the value of the lost portion of the deduction. This particular provision was (and still is) cited to illustrate the redistributive nature of the program by exponents of the Family Allowance system. Its re-distributive effect was extremely limited. However the Income Tax Act has been amended and the relationship between the amount of the deduction for dependent children and eligibility for Family Allowances has been eliminated. Deductions for dependent children are set at \$300 for a child under age 16 and \$550 for a child over 16, regardless of whether or not the child is eligible for, or in receipt of Family Allowances.

The question is then not whether the program has a redistributive effect but rather whether the cost of the program is reasonable in relation to its relative efficiency and the magnitude of the poverty problem. Is it either reasonable or efficient to continue a demogrant program when even cautious estimates indicate that at least 80 per cent of its payments in Ontario go to the non-poor? It could be argued that Family Allowances benefit all children and hence the cost is not unreasonable. However the major aim of the program as stated by the Department of National Health and Welfare was to "provide for a redistribution of income in favor of low income families and low income regions of the country." The program still has some redistributive effect, but the effect is not high enough and the cost is too great in relation to benefits received by the poor. Furthermore scarce tax dollars are directed to families who do not need them while the needs of low income families are not met.

The Department of Social and Family Services is aware that recommendations have been made to the Federal Government concerning the Family Allowance system. Basically these proposals recommend increases in Family Allowance payments offset by taxation of these payments. The basic argument can be paraphrased as follows: doubling Family Allowances would benefit the poor and particularly the working poor whereas much of the cost would be recovered by taxation.

The Department is in accord with the intent of these recommendations and agrees that increased Family Allowances would benefit the poor. However the degree of leakage would still be excessive even if the allowances were made subject to either the existing or proposed income tax system. The point can be readily illustrated through the use of gross data. (See Table 8)

Table 8 has been deliberately weighted in favor of the proposal. It is based on two unrealistic assumptions. It assumes that the average rate of recovery from the non-poor would be 30 per cent of the allowances, which is unlikely.⁸ It assumes that none of the payments to the poor will be recovered.

8. The present tax system applies a 30 per cent marginal rate on taxable income between \$8,000 and \$10,000. If one allows for personal exemptions this would mean that three, four and five person families would have to have gross incomes in excess of \$10,400, \$10,700 and \$11,000 in order to pay that rate. The 1967 Preliminary Estimates of Income Distribution and Poverty in Canada indicate that approximately 25 per cent of three, four and five person families had gross family incomes in excess of \$10,000. Tax returns are made on an individual basis whereas gross family income may represent the total income of two or more family members. While incomes have risen since 1967 it is very unlikely that 30 per cent of payments to the non-poor would be recovered through the tax system.

TABLE 8

COMPARATIVE COSTS
EXISTING AND DOUBLED FAMILY ALLOWANCE PROGRAMS
(Millions of Dollars)

	Gross Cost	Gross Payments to Non Poor(a)	Recovery Through Tax System(b)	Net Payment to Non Poor	Payments to Poor Families	Net Cost of Program	Leakage Rate	Increase in Payments to Non Poor	Increase in Payments to Poor	Total Net Increase in Cost	Percentage of Increased Cost Paid to Poor Families
Current (non-taxable) Family Allowance Program	616	493	0	493	123	616	80%	-	-		
Proposed "Doubled" Taxable Family Allowance Program	1232	986	296	690	246	936	73.7%	197	123	320	38.4

(a) Eighty per cent of payments are assumed to go to families above the poverty line.

(b) It is assumed that 30 per cent of payments to the non poor will be recovered but all payments to poor families will be retained.

Actually one of the effects of the proposal is that a large segment of the working poor would pay taxes on their allowances whereas social assistance recipients would receive the full benefit.

The Table indicates that even with taxation of the doubled allowance, leakage would still amount to approximately 73 per cent of payments. Although net costs would increase by \$320 million, only \$123 million, or 38 per cent of the new expenditure, would go to poor families. The greatest part of the funds would still go to the non-poor and leakage would increase to a total of \$690 million. The fundamental inefficiencies of the demogrant approach cannot be offset by merely making Family Allowances taxable.

The demogrant approach cannot be justified either in terms of the cost of the program or in the light of the needs of the working poor. Advocates of demogrant systems justify the approach on the grounds of administrative simplicity and the acceptability of the universal payments. Neither argument is unassailable.

Administrative simplicity undoubtedly facilitates economy and efficiency. These are managerial criteria intended to ensure that the objectives of any specific program are met. One major objective of the Family Allowances system is to redistribute funds to low income families. The economic advantages which accrue from the administrative simplicity of the program are insignificant in comparison with the dollars lost through leakage of scarce resources.

There are two main arguments in favor of universal Family Allowances.

Universal payments appear to meet the test of public acceptability.

Since payments are made to all families the poor are not set apart from the affluent and there is no stigma attached to receipt of the allowance.

Universal payments are, in the common wisdom, synonymous with public acceptability. The question is whether they are acceptable simply because they are universal. Old Age Security and Family Allowances are paid to groups outside the labor force who have traditionally been given first priority in social assistance. The aged and the young are economically vulnerable because they are at stages of dependency in the life cycle. Aid to them does not challenge the work ethic of society. Indeed it has a positive appeal. The young should not be penalized because of family circumstances; the old, it is assumed, have made their contribution to society. The acceptability of the universal demogrant is partially attributable to the special characteristics of the groups receiving them.

It is evident that the principle of universal demogrant is well established in Canada. The belief that "everyone benefits" or at least that benefits are widespread undoubtedly helps to legitimate programs to the voting public. But in recent years there has been increasing criticism of the universalist approach, particularly for Family Allowances. Among the reasons for the shifting viewpoint is the apparently unsatisfactory relationship between the cost and the effectiveness of the program. In this context the argument that selective payments are socially divisive may be losing its relevance.

The argument that demogrant does not separate the poor from the affluent may be illusory. The use of flat rate demogrant limits the amount of expenditure which is paid to each recipient. Any government program is limited in its expenditures and, since demogrant is paid to all eligible persons regardless of need, the payment level must be relatively low. The Family Allowance system is a striking example of this phenomenon. At present monthly payments are \$6 and \$8 for each child, depending upon age. If the program concentrated on the

needs of families below the poverty line payments could be increased to four or five times their existing level. Cost considerations prohibit such high levels of allowances in a classic demogrant approach.

The Committee is vitally concerned with the problem of the working poor, who are primarily low income families with children. Such families receive Family Allowances but their incomes are still inadequate for their needs since the allowances are not sufficient to raise their incomes to the poverty line. If the working poor received supplementation under the Canada Assistance Plan they would have to meet a needs test or, assuming modification is possible, an income test. Needs and income tests separate the haves from the have nots. It is true that the use of a demogrant avoids directly identifying the poor but it is defective because low payments will not satisfy their needs. If they cannot increase their earnings and social assistance is provided they must comply with tests and be identified in the process. If social assistance is not provided their needs are not met and a subsistence standard of living identifies them as poor.

The needs of the poor are real. The leakage in the Family Allowance system cannot be justified in terms of public acceptability, simplicity of administration, or a dubious anonymity.

If the Family Allowance system is retained, it should be converted to a selective system which provides meaningful benefits to the poor and the near-poor. (In this section we have stressed two groups: the poor and the non-poor. In terms of revision in the Family Allowance system the needs of the near poor, those just above the poverty line, should be taken into consideration.) In theory the system could be made selective by either:

Converting the program to an income tested negative rates system somewhat similar to the Guaranteed Income Supplement; or

Creating a highly selective demogrant program through coordination of the Family Allowance and Income Tax systems.

The second alternative differs from recommendations that Family Allowances should be doubled and made taxable. The allowances could be substantially increased and made available to all eligible families regardless of income. The tax system could then be modified either by reducing (or eliminating) deductions for dependent children or by adding a surcharge. The modified program would recover payments from all but the poor and the near poor and create precisely the same effect as an income tested system. Retention of the demogrant approach would have the frequently cited advantages of universality and simplicity of administration while ensuring that income was transferred only to those requiring it.

The alternatives have been set out without taking into consideration difficulties inherent in the constitutional division of powers. With the exception of the present program of Old Age Security and supplementary benefits there is some doubt that the federal government has the constitutional authority to make selective payments to a specific class or classes of persons.⁹ The

9. Thus Bora Laskin writes: "It has become a truism of Canadian constitutional law that judicial interpretation of the British North America Act has given the Provinces specific legislative authority (especially in respect of social services) that far exceeds their financial resources and their money raising powers while it has left the Dominion with financial resources through an ample taxing power overshadowing its regulatory authority

Within this framework (i.e. The British North America Act) the Dominion and the Provinces have had to meet and satisfy the claims and demands for various forms of public assistance. Hence the development of grants-in-aid by the Dominion to the Provinces and the growth of what may be called a Federal spending power involving disbursement of money on stipulated conditions but without any right of compulsory direction or regulation of the beneficiaries".

problem of jurisdiction might arise if the federal government attempted to apply the negative rates approach to the Family Allowance system or used its taxing power to achieve selectivity.

The Department suggests that it would be more appropriate to transfer funds expended in the Family Allowances program to the provinces which have the authority to distribute them selectively. The provinces could then establish income tested programs which would distribute the funds to lower income families. This would substantially alleviate the problem of the working poor.

Old Age Security and the Guaranteed Income Supplement

The objective of the Old Age Security program "has been to provide a basic pension as a floor on which Canadians could build a retirement income." The benefit is a categorical demogrant of \$79.58 per month (1970 figure) available to all individuals who meet the age and residence requirements, regardless of their needs.

The complementary Guaranteed Income Supplement program is intended to provide additional income support for old age pensioners who because of age will not be assisted by the Canada and Quebec Pension Plans. The supplement is income-tested and Old Age Security recipients who have no other taxable income are entitled to the maximum benefit of \$31.83 per month (1970 figure). The supplement is reduced by approximately \$1 for each two dollars of taxable income over the basic Old Age Security payment.¹⁰ The use of a selective supplement ensures that additional funds are provided only to pensioners in need.

The basic Old Age Security demogrant system does not involve as high a degree of leakage as the Family Allowance program. This is due to two factors:

The incidence of income deficiency is high in the 65 and over age group.

Since Old Age Security payments are taxable, some of the leakage is returned through the income tax mechanism.

While the Old Age Security demogrant is much more efficient than the Family Allowance system it does incorporate a considerable amount of leakage. The Department of National Health and Welfare Annual Statistical Report for 1968-69, provides annual expenditure data for the Old Age Security and Guaranteed Income Supplement program in Ontario. Total net payments for Ontario were approximately \$475 million for Old Age Security and \$75 million for Guaranteed Income Supplement totalling \$550 million. Approximately 314,000 (or 57 per cent) of the 554,000 Ontario pensioners did not receive a Guaranteed Income Supplement. Pensioners who are ineligible would have incomes which would approximate or exceed the poverty line. This means that most pensioners not receiving the supplement would have incomes above the poverty line. However it does not follow that all their Old Age Security payments represent leakage since a significant proportion of pensioners who do not receive the supplement would have incomes below the poverty line if they were not receiving Old Age Security.

It is possible to obtain a rough approximation of the degree of leakage in the Old Age Security program by examining income distribution within the 65+ age group. The Dominion Bureau of Statistics 1967 income estimates illustrate income distribution among the aged in two broad categories: individuals and the combined group of individuals and families. The estimates

10. Non-taxable income such as social assistance payments do not affect the level of the supplement. This is an interesting contradiction. Although the Family Allowance system is far less effective its allowances are not taxed. Conversely, Old Age Security pensions which involve considerably less leakage are taxable.

indicate that 20 per cent of individuals 65 and over had annual incomes in excess of \$2,999 per year; and 23 per cent of individuals and families with heads 65 or over had incomes in excess of \$4,999.¹¹ Pensioners in those categories would have incomes above the poverty line even if they did not receive Old Age Security. Therefore one could estimate that, in terms of annual income, more than 20 per cent of all Old Age Security recipients are non-poor.

Annual income may not be a totally satisfactory criterion for estimating poverty among the aged. The American experience would indicate that poverty among the aged should be viewed in terms of the normal life cycle of income.¹²

The normal life cycle of income presents a somewhat different problem in the definition of poverty. The low incomes of some young people are not indicative of poverty: Consider impecunious students of law or medicine with years of lucrative practice ahead of them. Neither are the low incomes of many old people who are living comfortably by gradually consuming assets they accumulated before retiring. Distributions of annual income exaggerate economic inequality by including differences due to age and position in the life cycle. Unfortunately we do not have good estimates of inequality of lifetime incomes.

When wealth is considered, along with one-year income, in the definition of poverty, the estimated prevalence of poverty among the aged is reduced by about a third.¹³

The Department is not suggesting that the leakage in the Old Age Security program should be completely eliminated. Much of it goes to near-poor pensioners who would be severely affected if their pensions were cut off or substantially reduced. However while the incidence of poverty is high among the aged, not all the aged are poor, particularly when assets are taken into account. The 1967 Dominion Bureau of Statistics estimates indicate that 10 per cent of all individuals and families with heads 65 or older had incomes which were in excess of \$8,000 annually.¹⁴ Even that calculation is based upon income only and does not allow for assets. The Special Senate Committee on Poverty, has commented on the cost of combating poverty and has on several occasions expressed concern regarding the source of funds for new and improved programs. The Department of Social and Family Services is simply drawing attention to the fact that the national Old Age Security program, excluding the Guaranteed Income Supplement, cost \$1.3 billion in 1968-69. Approximately 10 per cent of that amount appears to be distributed to persons whose incomes are well above the poverty line.

-
11. Income Distribution and Poverty in Canada, 1967, Preliminary Estimates, Ottawa: Dominion Bureau of Statistics, 1967, Table 5, p. 9; Table 3, p. 6.
 12. For example, an aged single person could have \$14,000 in liquid assets invested at 6 per cent and his gross annual income, including Old Age Security would be only approximately \$1,800 or slightly below the current poverty line.
 13. Tobin, James, "Raising the Incomes of the Poor", Agenda for the Nation, Washington D.C: The Brookings Institution; 1968, p. 85.
 14. Income Distribution and Poverty in Canada, Table 3, p. 6.

The Unemployment Insurance Program

The Unemployment Insurance Commission brief to the Special Senate Committee on Poverty cited terms of coverage, benefit levels, eligibility, contingencies and improved integration as possible areas for improvement in the unemployment insurance program. The Department of Social and Family Services contends that these possible areas for improvement are in fact serious shortcomings and that major revisions are urgently required. While the inadequacies of the program affect wage and salary earners whose incomes are well above the poverty line they impact most heavily upon the working poor.¹⁵

Coverage - Certain forms of low wage employment are excluded from unemployment insurance coverage. Workers in hospitals and charitable institutions and employees in private domestic services are classified as non-insurable. Their exclusion is discriminatory and cannot be justified in terms of occupational characteristics or stability of employment. Similar employees in other sectors are not excluded and coverage is extended to workers in highly seasonal employment.¹⁶

Benefit Levels - The unemployment insurance benefit system works to the disadvantage of the working poor. Benefit levels are related to an individual's earnings and like earnings they are not related to individual needs. The working poor are most affected as they suffer from low wages and hence low benefits. For example if the working head of a five person family earns \$65 per week he pays an employee deduction of 80 cents. His benefit level is based upon the average rate of the thirty most recent contribution weeks. Assuming earnings do not fluctuate and he is eligible in all other respects he would be entitled to a dependency benefit of \$33 per week. This benefit would be the same regardless of the number of dependents. His low wages limit his contributions and his contributions determine his benefits. When unemployment occurs the gap between his resources and his needs increases.

The Unemployment Insurance Commission brief states that "unemployment insurance does not lift a poor man out of his poverty; it only helps to keep him from dropping below the level where he was - before he lost his job.¹⁷ Benefits can only help an individual from dropping below his previous level if there is an additional source of funds, whether it be savings, interest or even social assistance. This argument is quite valid for most employees; their earnings lift them above the poverty line and they may be able to save some of their excess income for emergencies. A construction worker may be seasonally unemployed but may earn more than enough to provide for his family during the

-
15. For example it is inequitable to exclude salary earners whose incomes exceed \$7,800 per year, while extending coverage to hourly rated workers whose annual incomes are well in excess of that amount. Salaried employees are not totally protected from unemployment and may be seriously affected by it particularly when they are displaced after a number of years of service with the same employer. Their age and previous salary level serve as a barrier to re-employment.
 16. Coverage is also denied to most casual workers, farmers and self-employed persons. Casual employment may be the only opportunity available to some members of the labor force; some self-employed persons and farmers are members of the working poor although they are not employees.
 17. Proceedings of the Special Senate Committee on Poverty, Ottawa: Queen's Printer, No. 9, Tuesday, June 3, 1969. Appendix J, p. 321.

season and supplement his income through unemployment insurance. There is very little information available concerning asset distribution but there is a correlation between assets and income. If the working poor have inadequate incomes then they cannot be expected to have savings or income producing assets to supplement their meagre unemployment insurance benefits and many are forced to rely on the social assistance mechanism. Concepts which are valid for the more affluent worker are not necessarily appropriate for the working poor.

The Department is aware of the principle of benefit/earnings relationships but does not find the existing benefit/earnings ratio acceptable. The Unemployment Insurance Commission brief states that "for a claimant with a dependent the weekly benefit is about 50% of his normal weekly earnings and for a claimant without a dependent it is about 40%."¹⁸ Presumably this is subject to qualification as the maximum levels are \$42 for a single person and \$53 for a dependent benefit and many insurable employees earn wages well in excess of \$106 per week.

A benefit/earnings ratio of 40 to 50 per cent with a maximum weekly payment of \$53 hurts all claimants but it strikes hardest at those with the greatest need, the working poor. A more realistic benefit structure and a higher benefit/earnings ratio are urgently required, particularly by those at the lowest wage levels. It would appear that this could be obtained without departing from the insurance concept nor inducing a higher risk element than certain forms of existing coverage. Similarly more consideration could be given to individual needs than the present "single" and "dependent" structure. While improvements in this area are limited by both administrative and conceptual difficulties a third multi-dependent categorization might be feasible.

Eligibility for Benefits - The Unemployment Insurance Commission brief has stressed two situations in which insurable employees are ineligible for benefits:

Workers who are unemployed as a result of sickness, and

Female workers who have to leave their employment as a result of pregnancy.¹⁹

As the Unemployment Insurance Commission brief has made a case for extending benefits to these ineligible; the Department recommends their inclusion, as the denial of benefits weighs most heavily once again upon the working poor.

Unemployment Insurance and Social Assistance - The Unemployment Insurance Commission has acknowledge that the Commission could improve its program through improved integration "with other forms of social development and welfare programs in order to give maximum effectiveness to the overall system by closing gaps and eliminating overlapping."²⁰ Problems in integration exist and more co-ordination is required. For example an unemployed worker may put in a claim for benefits and payments of the claim may be delayed; in the interim he may rely on social assistance payments. This creates two distinct problems for the social assistance structure. First, social assistance is called upon to compensate for a gap in the unemployment insurance program. Second, when the retroactive benefit is paid, the recipient has received funds from both agencies and both administrative and financial overlapping has occurred.

This latter type of problem is minor in relation to the question of the entire relationship between social assistance and unemployment insurance. The problem can be illustrated by the example of the family head with four dependents who earned \$65 per week and is entitled to \$33 in benefits. As his benefits are less than his needs he may receive supplementation from social

18. Ibid. p. 321

19. Ibid. p. 321

20. Ibid. p. 322

assistance. Despite his employment record and his contributions he is forced to resort to the welfare mechanism. In this event he must meet the needs test. He becomes a welfare recipient. He gains no advantage from unemployment insurance despite his contributions as he is entitled to exactly the same gross income as a family head who suffered from chronic unemployment and was not entitled to benefits.

A similar argument is relevant for workers who are left unprotected because of gaps in the unemployment insurance program such as pregnant women, those who lose employment through illness, single mothers, etcetera. The only distinction is that these cases do not receive any benefits despite their contributions. At least a portion of the social assistance structure must serve as a program of last resort but the imperfections of the unemployment insurance system force some individuals into the last resort programs at too early a stage.

Modifications in coverage, benefits and eligibility criteria, would improve the situation and reduce the degree of reliance on social assistance. However the program requires more than minor modification. A complete reappraisal is necessary not only in terms of possible areas of improvement but also in terms of the basic concepts and objectives and its relationship with other income maintenance programs. Unemployment insurance is the first line of protection against loss of employment. It is a right which the worker has earned on the basis of his participation in the labor force and his contributions. The Department contends that there is an urgent requirement for a vastly expanded unemployment insurance system more oriented to the needs of the working poor. This would provide a more meaningful and socially desirable method of protecting the working poor from drifting into poverty than through social assistance. It also reflects the work ethic of our society; a person who has worked has earned the right to an acceptable benefit level.

C. The Working Poor

Introduction

Poverty is most readily associated with persons who are outside the labor force. Unfortunately some fully employed persons have incomes which are inadequate for their needs. The Department of Social and Family Services recognizes the dilemma of the working poor and welcomes the opportunity to discuss this topic.

The Scope of the Problem

Poverty in the context of income deficiency, exists when income is inadequate to meet a socially acceptable standard of needs.

Poverty lines try to express basic needs in terms of required income levels. Needs increase with family size and The Family Benefits Act and The General Welfare Assistance Act adjust allowance levels accordingly. In contrast, earnings are determined primarily by economic factors and are not related to family needs. As a result many fully employed people suffer from income deficiency.

Other briefs have related the problem of the working poor to the minimum wage. Although the minimum wage may produce an income exceeding the poverty line for the single individual it is inadequate for the family with one or more children. Discussing poverty in the context of the minimum wage is particularly useful as it emphasizes that the "working poor" are primarily families with children.

Examination of the minimum wage structure should not obscure two points:

Some low wage earners cannot obtain uninterrupted full time employment and their hours of work and income from other sources are also key factors in determining their annual income.

As needs increase with family size, some wage earners have incomes below the poverty line although their earnings are well above the minimum wage.

The Committee is aware of the problems which are inherent in the use of the minimum wage as a primary weapon against poverty. The minimum wage is an important device and does contribute to the alleviation of poverty.

Undoubtedly, by setting a minimum wage some contribution towards alleviating poverty among the employed poor is made; but this should be recognized only as a by-product of providing protection to workers with little bargaining power and guarding against the outbreak of socially undesirable cut throat competition based on declining wages.¹

1. Whittingham, Frank, Minimum Wages in Ontario, Analysis & Measurement Problems, Industrial Relations Centre, Queens University, Kingston, 1969, p. 53.

However there is no indication that the minimum wage is an appropriate primary device for eliminating poverty and it would appear that the "minimum wage program is a cumbersome tool for redistributing income".²

Therefore while the minimum wage can be effectively used to illustrate the problem of the working poor; it would be inappropriate to consider it as a major redistributational device.

Major increases in the minimum wage may decrease the supply of available jobs and deprive some family heads of their jobs.

It should be noted that the problem of the working poor is not merely that of family heads who are employed at the minimum wage but rather of any employed individual or family head whose income is inadequate for his needs, regardless of his hourly wage.³

Social Assistance and Low Income Employment

It has been noted that it is possible to obtain a higher level of income from Ontario social assistance allowances than from full time employment at the minimum wage.

Table 9 illustrates the relative positions of families composed of two adults and three children under 9 years of age. One receives social assistance while the major source of income of the other is the father's earnings. Although the gross income of the working poor family is approximately \$1,200 higher than that of the family receiving social assistance the differential is actually much narrower. The social assistance family is not subject to income tax, pays neither Canada Pension Plan nor Unemployment Insurance premiums, has no work expenses and is provided with free hospital, medical and dental coverage. Therefore comparisons in terms of gross income are misleading because the "gross income" of a family on social assistance is really equivalent to the "take home pay" of a wage earner less work expenses.

The "net income" comparison in Table 9 indicates a difference of only \$205 annually (or approximately \$18 per month) in favour of the working family despite the fact that the wage earner is employed at a rate of \$2.30 per hour.

The comparison is based on a family which is entirely dependent upon social assistance and does not allow for possible part time earnings. The Family Benefits Act has always permitted part time earnings.⁴ The Act provides a basic earnings exemption of \$24 for the first person and \$12 for each additional family member. Income in excess of the exemption is offset at a rate of .75 cents on the dollar. A recent review of a sample of Family Benefits "mothers" cases in Toronto indicates that approximately 15 percent have used or are using this provision. A similar provision has recently been included in The General Welfare Assistance Act with the distinction that it is available to recipients at the discretion of the Municipal Welfare Administrator. Table 10 compares a working poor family with a social assistance which supplements their allowances with part time earnings.

Table 10 illustrates the case of a social assistance family which exercises the part time work option and earns \$1,200 during the year (\$100 per month). Their "net income" after allowances for work expenses is \$623 or \$52 per month higher than a working poor family which earns \$4,784.

2. Ibid p. 52

3. Overemphasis on the numbers of persons employed at the minimum wage also tends to obscure the high concentration of female workers in low income employment. In many cases their employment would be a secondary source of family income.

4. See Chapter II. for a full description of this provision.

TABLE 9
COMPARISON OF NET INCOMES
FIVE PERSON SOCIAL ASSISTANCE AND WORKING FAMILIES (a)

	Working Poor Family	Social Assistance Family
Income		
Earnings	\$4,784	n.a.
Ontario social assistance payments(b)		\$3,600
Family Allowances	216	216
Gross Income	\$5,000	\$3,816
Deductions & Expenses		
Canada Pension Plan	\$ 75	n.a.
Income Tax - 1969 rates	290	n.a.
Unemployment Insurance	65	n.a.
OHSC (Hospital Insurance)	132	provided free
OHSIP (Medical Insurance) (d)	177	provided free
Work expenses (e)	240	n.a.
Total Expenses	979	
Net Income	4,021	3,816

(a) Two adults and three children under age 9.

(b) Social assistance payments according to The Family Benefits Act and assuming the family has no other source of income. (Social assistance payments are not taxable. A representative allowance of \$300 per month has been used. The family rents unheated quarters and is entitled to fuel allowances. The pre-added budget is \$185, shelter \$100 and fuel \$14.41 per month for a total of \$299.41. Special diets, transportation, wheelchair allowances, free dental care and drugs have not been included.)

(d) OHSIP based upon full rate charges as the taxable income exceeds \$1,300.

(e) Work expenses estimated at \$20 per month.

TABLE 10
COMPARISON OF
THE EFFECT OF PART TIME EMPLOYMENT PROVISIONS (a)
ON NET INCOMES
FIVE PERSON SOCIAL ASSISTANCE AND WORKING FAMILIES (b)

	Working Poor Family	Social Assistance Family
Income		
Earnings	\$4,784	\$1,200 (c)
Ontario social assistance payments		3,348 (d)
Family Allowances	216	216
Gross Income	\$5,000	\$4,764
Deductions & Expenses		
Canada Pension Plan	\$ 75	n.a
Income Tax - 1969 rates	290	n.a (e)
Unemployment Insurance	65	n.a
OHSC (Hospital Insurance)	132	provided free
OHSIP (Medical Insurance)	177	provided free
Work expenses	240	\$ 120 (f)
Total Expenses	979	120
Net Income	4,021	4,644

(a) Basic earnings exemption of \$72 (\$24 for family head + \$12 for each dependent) per month or \$864 per year. All income in excess of the exemption subject to 75 per cent offset rate.

(b) All assumptions including family composition, social assistance allowances, etcetera are identical to Table 9 except where otherwise noted.

(c) Part time earnings of \$100 per month.

(d) Net allowance after application of the earnings exemption and offset rate.

(e) As the social assistance family's exemptions exceed its earnings and social assistance payments are not taxable, no income tax is payable.

(f) Work expenses estimated at \$10 per month.

This situation creates an economic incentive for male family heads or "single" mothers to trade-off full time employment for social assistance or a combination of social assistance and part time employment. The potential trade-off element is limited by a number of factors. The fact that the family has a lower real income than the level of social assistance payments does not in itself make them eligible for assistance. A family head who abandoned his employment to apply for assistance might not be able to satisfy the welfare administrator that he was either unemployable or making an effort to find employment. Asset limitations would make others ineligible. Many individuals are probably unaware of the benefits which are available. The needs test and the concept of an investigation may serve as psychological restraint to some people. Despite these factors one can only assume there are many people who still choose work over welfare although there are financial disadvantages.

The existing relationship between low income employment and social assistance levels, particularly when supplemented by part time earnings is not entirely satisfactory. However it is not intended to work to the disadvantage of the working poor. Government programs should be established in terms of a reasonable set of goals and priorities. Historically, the area of greatest need in the income maintenance field consisted of those persons who were either unable to work or could not obtain work and consequently had almost no sources of income. Ontario responded to this priority and while present allowances are still somewhat below poverty lines they are generous in relation to income from some forms of employment.

An unintentional side effect of a progressive social assistance policy based on a logical set of priorities has brought about a differential.⁵ The problem would not exist if the Province had adopted a less progressive social assistance policy. There would be no differential if social assistance payment levels were always lower than the minimum wage or if part time earnings were either forbidden or taxed at a 100 per cent rate.

However the necessity for eliminating the differential has been recognized and the Minister of Social and Family Services has stated that the working poor are the next priority in the development of the income maintenance structure.

Employment Related Policies and Programs

The working poor are affected by factors beyond the absence of an effective income maintenance program to supplement their earnings.

Employment - The working poor are primarily dependent upon their earnings for their livelihood. There is no absolute distinction between the working poor and the social assistance recipients. Members of the working poor who suffer from unemployment may become recipients and "employable" recipients return to work as job opportunities occur. The first and foremost requirement of the working poor is employment and preferably better employment.

-
5. The point has other implications. The differential can be attributed to two major factors.

The provision of social assistance has improved the position of persons outside the labor force.

The economy has not provided the working poor with employment opportunities which will permit them to earn their way out of poverty.

The combination of these two factors has created a new "poorest of the poor class," the working poor whose incomes are less than those of social assistance recipients. Yet ironically some people are of the opinion that the welfare system has failed. If the welfare system had failed, recipients outside the labor force would still be the poorest of the poor.

Jobs have more than a purely economic significance. We live in a work oriented society and holding a job is the accepted and "proper" way of obtaining money and supporting one's family. "Jobs are also a 'good thing' in their own right because, in addition to providing income, they confer status and dignity."⁶

This point has led many social scientists to the conclusion that more and better jobs offer the most attractive solution for poor families. Allowing them to earn their way out of poverty through their own efforts not only appears to be the most appealing solution to the employable poor but also to the rest of society as it conforms to the work ethic.

Many of the working poor are unskilled and find it difficult to compete in labor markets which are highly skill oriented. Some do not succeed in obtaining regular employment, and others may find only marginal employment in the "last hired, first fired" category.

There is considerable evidence that the American poor made the greatest gains during periods of economic expansion. A "tight labor market" is of particular advantage to the poor. It not only increases the number of available jobs but improves their position in the labor market.

As employers compete for increased work forces to meet the new demands for their products, they find workers tailored to their job specifications increasingly scarce and expensive. They reach further back in the queue of unemployed workers. They relax their requirements and broaden their preferences; they overlook deficiencies in education and skills and undertake themselves the expense and trouble of training . . .

Workers at the rear of the queue gain not only in reduction of unemployment, but also in greater availability of full-time work and chances for advancement. In other words, private employers and free markets do much of the work of the war on poverty - without public expenditure and government bureaucracy.⁷

A tight labor market means not just jobs, but better jobs, longer hours, higher wages.⁸

Although authorities on poverty may disagree regarding some aspects of the problem there is consensus on the requirement for high aggregate demand and a strong labor market:

The maintenance of high employment and strong and stable economic growth is crucial. No policies are more effective in helping to move families and individuals out of poverty than the combination of demand and supply policies required to sustain new job creation and the increasingly efficient use of manpower, capital and other productive resources. Without success on this front, other anti-poverty policies are unlikely to be of much avail.⁹

In contrast, policies which reduce the supply of jobs aggravate the poverty problem. Unemployment not only deprives the worker of the ability to earn a livelihood but also increases dependency and has other undesirable sociological and psychological effects.

6. Harris, Robert, "Selecting a System of Income Maintenance for the Nation," Social Work, October 1969, p. 5.

7. Tobin, "Raising the Incomes of the Poor." p. 87.

8. Tobin, "On Improving the Economic Status of the Negro," Daedalus, Fall 1965, vol. 94, p. 880.

9. Economic Council of Canada, Fifth Annual Review, Ottawa: Queen's Printer 1968, p. 131.

The costs of unemployment are not borne equally by all Canadian citizens. It has little impact upon the affluent; few professionals, managers and other highly skilled persons are affected. Unemployment strikes from the bottom and hits hardest at those who are least able to bear the cost. A five or six per cent rate of general unemployment represents a significantly higher rate among low wage earners and a widening of the gap between those who have and those who have not.

The aged, the retired and others on fixed incomes must of course be protected from the effects of inflation. However, it would appear to be more reasonable to protect them through automatic compensatory payments rather than through unemployment which takes its heaviest toll from another sector of the poor.

The 1970 Ontario Budget acknowledged the importance of inflation control but noted that the Province "does not agree that the objectives and methods of current fiscal and monetary policy are irrefutable." The Budget also states that:

Ontario, with a rapidly growing population and labour force, needs a continuous stream of private and public investment to create new jobs and raise living standards. Any attempt to cure inflation by creating unemployment runs counter to the Ontario Government's objective of keeping unemployment at no more than 3 per cent of the labour force. This is a reasonable economic objective and it is imperative that a more sophisticated strategy than induced unemployment be found to cure inflation. The Ontario Government is not willing to accept the view that unemployment is a just and effective way of solving the problem. The effects will fall on the lowest income-groups in the community. It is inconsistent to propose economic goals of tax equity to help these citizens, while contributing to their loss of livelihood as the price of solving inflation.¹⁰

Unemployment Insurance - Section B reviewed the present unemployment insurance system in some depth and noted serious inadequacies in coverage, benefit levels and co-ordination with the social assistance structure. There is a requirement for an adequate and efficient system of unemployment insurance even during periods of strong labor markets. This need is even more acute during periods of unemployment.

Manpower Services - The Committee is aware of the problems which exist in retraining and therefore the Department will limit its comments to repeating the point that meaningful and appropriate retraining is essential in a highly skill oriented society.

The Economic Council of Canada has stressed the requirement for stable economic growth and noted that a full scale war on poverty should embrace the four inter-related and mutually supporting categories of anti-poverty programs:

Individual improvement programs

Community betterment programs

Manpower development, training and mobility programs

Income maintenance.¹¹

Assistance to the working poor is not only income maintenance but rather an appropriate blend of all four types of anti-poverty programs.

10. Ontario 1970 Budget, Toronto: Ontario Department of Treasury and Economics, 1970, p. 45.

11. Economic Council of Canada. Fifth Annual Review, p. 127.

Taxation of the Working Poor - Taxation provides the revenue for transfer programs and is one of the most efficient methods of redistributing income. At present the tax system provides the funds for social assistance programs but is not directly related to them. For example the Old Age Security program is financed by taxation (and as previously noted Old Age Security payments are taxable) but the Old Age Security system is not an integral part of the tax structure. Many forms of guaranteed annual income systems, particularly those which are based upon the negative income tax concept, would result in a much closer relationship between the taxation and transfer payment mechanisms.

Future developments in income maintenance may proceed along present lines (i.e. with income maintenance systems as separate programs) or may involve more integration with the tax structure (as in negative income tax programs). In either case the tax structure must be effectively co-ordinated with the income maintenance system not only in the context of financing but also in terms of operation. Effective co-ordination of the taxation and income maintenance structure is axiomatic for any form of future development and most particularly for the creation of selective programs based upon income deficiency.

The Department would like to draw attention to the fact that the income tax system tends to affect the relationship between social assistance recipients and members of the working poor. The point can be readily seen by examining the effects of excluding social assistance payments from taxation.

The existing income tax system exempts social assistance payments from taxation and the Proposals for Tax Reform state that this provision will be retained:

Social assistance payments for those in need would not be taxed if made under federal or provincial legislation or by a registered charitable organization subject to a needs test or means test. The test would be sufficient evidence of inability to pay, and the circumstances of those to whom the payments are made would normally make reporting of income and assessment of tax impractical.¹²

The exclusion of social assistance payments from taxation tends to increase the differential between social assistance recipients and some of the working poor. Table 11 illustrates this situation in terms of both the present and proposed income tax systems. It compares a 5 person social assistance family which supplements its allowance with part time earnings, with a similar working poor family whose major source of income is derived from full time employment. Although the social assistance family has a higher gross (and real) income they are not required to pay income tax as their social assistance allowances are not taxable and their exemptions and deductions exceed their earnings. In contrast the working family is required to pay:

\$292.04 under the present income tax system

\$153.49 under the Proposals for Tax Reform.

A similar situation occurs when a family head who is unable to obtain regular employment derives part of his income from social assistance or unemployment insurance benefits.

If the unemployed family head has several dependents the existing maximum unemployment insurance benefit is likely to be less than his needs as defined by The General Welfare Assistance Act and he may be eligible for assistance. In some cases the unemployed person is ineligible for unemployment benefits and proceeds directly to the social assistance system.

12. Proposals for Tax Reform, Ottawa: Queen's Printer, 1969, p. 18.

It should be noted that payments under the Old Age Security Act are excluded from this provision.

TABLE 11
COMPARISON OF
THE EFFECT OF EXEMPTING SOCIAL ASSISTANCE PAYMENTS FROM INCOME TAX
FIVE PERSON FAMILY (a)
PRESENT AND PROPOSED INCOME TAX STRUCTURE

	Working Poor Family Present Tax System	Working Poor Family Proposed Tax System	Social Assistance Family
Income			
Earnings	\$4,784	\$4,784	\$1,200 (b)
Ontario Social Assistance	n.a.	n.a.	3,888 (c)
Gross Income (excluding Family Allowances) (d)	\$4,784	\$4,784	\$5,088
Less:			
Canada Pension Plan Unemployment Insurance	\$ 75 n.a. (e)	\$ 75 65	n.a. n.a.
Gross Taxable Income	\$4,709	\$4,644	n.a. (f)
Less:			
Exemptions & Deductions	3,000 (g)	3,950 (h)	0
Net Taxable Income	1,709	694	n.a.
Income Tax Payable	292.04	153.49	0

(a) Two adults and three children under age 9.

(b) Part time earnings of \$100 per month.

(c) The maximum allowance of \$345 or \$4,140 annually. (This has been used as the question in one of the maximum levels of exempt income. The amount \$3,888 represents the net allowance after earnings have been offset by the earnings exemption and 75 per cent offset rate.)

(d) Family Allowances are not taxable and do not affect the calculation.

(e) Unemployment Insurance premiums are not deductible under the present income tax system.

(f) The social assistance family has no taxable income as social assistance payments are exempt and earnings are less than total exemptions and deductions.

(g) Exemptions and deductions are: \$1,000 per adult, \$300 per child, \$100 medical/charitable.

(h) Exemptions and deductions are: \$1,400 per adult, \$300 per child, \$150 work expenses, \$100 medical/charitable.

In either case neither unemployment insurance benefits nor social assistance payments are taxable under the present income tax system. Therefore it is possible for a family head whose total income is well above his exemption level to pay no income tax as his earned income is less than his exemptions and unemployment insurance and social assistance payments are not taxable. Yet a fully employed family head whose annual income was derived almost entirely from earnings would be required to pay taxes on a lower or equivalent level of annual income.

The Proposals for Tax Reform have acknowledged the problem created by the exemption of unemployment insurance benefits and recommended that they be taxed as "Tax exemption for these payments is unfair to the person who earns the same total income but who must pay more tax."¹³

The preceeding point is by no means the only way in which either the present or proposed income tax systems contribute to the relative disadvantage of the working poor. For example both systems contain provisions which are of far more value to the high income earners than to low income earners, such as:

(1) The use of exemptions rather than tax credits. Exemptions when combined with progressive marginal tax rates increase in value as taxable income rises. A \$1,000 exemption is worth \$200 in terms of taxes foregone to a low wage earner in the 20 per cent marginal tax bracket whereas the same exemption is worth \$800 to a man at the 80 per cent marginal tax bracket. A basic tax credit of \$50 is worth that specific amount to all taxpayers regardless of whether they owe \$51 (actual tax payable would be \$1) in taxes or \$51,000 (actual tax payable would be \$50,950).

(2) The use of an individual rather than a family tax unit. As the marginal tax rates are progressive the provision is more valuable to higher income families in which two or more members have incomes than to similar low income families.

The Proposals for Tax Reform emphasize fairness in taxation and state that fairness implies two principles:

That persons in similar circumstances should carry similar shares of the tax load.

That people who are better off should be expected to pay a larger share of their income in taxes.

The exemption of social assistance payments illustrates not only the need for reconsidering fairness in taxation but most particularly the requirement for more effective harmonization of the income tax and social assistance structures.

Work Supplementation in Other Provinces - The Committee has noted that it is possible to subsidize incomes of the working poor under the Canada Assistance Plan and that provinces which do so are entitled to receive 50 per cent of the cost from the federal government. The Committee has also stated that "seven out of ten Canadian provinces" have done so whereas "rich Ontario" has failed to exercise this option.

The Department acknowledges that income supplementation is shareable under the Canada Assistance Plan and that, with the exception of some female headed families and disabled persons, Ontario does not provide this form of assistance.

The significant factor is the scope of supplementation in those provinces

13. Proposals for Tax Reform, p. 18.

which allow it. The Department has made enquiries on this point from the provinces. Only one failed to reply and British Columbia states that it does not keep separate statistics on wage supplementation. Of the others the largest caseload of working poor reported in any one province was a little less than 1,000; and of these over half were cases of families headed by women. No province is yet operating a full-scale work supplementation program under the Canada Assistance Plan. In each province the numbers supplemented are very few and they make up a very small percentage of persons in receipt of social assistance.¹⁴ The Department of National Health and Welfare has summarized the situation accurately:

In practice . . . payment of assistance in such provinces is on a highly restricted basis and is usually confined to families in which extreme hardship can be identified.¹⁵

Permissive supplementation has not yet brought assistance to the great majority of the working poor in any province. No Canadian province is operating a full-scale work supplementation program which provides assistance as a right to all fully employed persons whose income and resources are inadequate for their needs. The point is emphasized because there appears to be an impression to the contrary.

Supplementation of The Working Poor

At present, Ontario operates two major income maintenance programs under the Canada Assistance Plan, Family Benefits and General Welfare Assistance. Both programs provide assistance as a right to eligible persons in need. They provide a guaranteed income for persons who are either outside the labor force or are unemployed. (See Chapter II.) The extension of assistance to the working poor would close the last major gap in the income maintenance structure.

It has been noted that Ontario has not supplemented the working poor under the Canada Assistance Plan. The Department's position concerning this issue depends upon the interpretation of supplementation. There are two possible interpretations:

The extension of assistance to a limited number of the working poor as some provinces have done.

The introduction of a full scale program which provides assistance as a right to all members of the working poor whose income is less than their needs.

Permissive Supplementation - The provision of permissive selective but consistent assistance to certain members of the working poor is a possibility and might be the most effective approach to the problem. If assistance were provided in terms of a logical set of needs oriented priorities to a selected target group in an experimental mode it would be possible to:

Assist the most needy segment of the working poor and develop urgently required information concerning potential problems which might be encountered in supplementing a segment of the poor, when remarkably little is known.

Assistance as a Right - The provision of assistance as a right involves a number of complex factors which are not directly related to the Canada Assistance Plan. These factors can be readily demonstrated by approaching the problem from the perspective of the Canada Assistance Plan and the existing social assistance programs.

14. There also appears to be some variation in the form of assistance. It would appear that in one province assistance may be provided in kind rather than in funds. Similarly, assistance may be not provided on a continuing basis but restricted to certain periods and conditions.

15. Department of National Health and Welfare, p. 26.

The terms of the Canada Assistance Plan would allow the Province to supplement the wages and salaries of the working poor. There are a few minor problems but these could be readily overcome.

For example the Canada Assistance Plan requires the use of a needs test involving assessment of an applicant's income and resources in relation to his needs. Although there is a widespread impression that the provinces set needs tests, criteria are not determined unilaterally as they must be approved by the federal government. The present Ontario social assistance structure is designed for persons who are either outside the labor force or are unemployed. In these cases it is not inequitable to assess both the income and resources of an applicant. An individual may have little or no income yet have considerable assets. For example an unemployed single man may have no income but may have saved several thousand dollars. It would neither be just nor in the public interest to provide him with social assistance until he had used a reasonable proportion of his savings for his own support. This problem has resulted in the traditional welfare investigation which was created to ensure that the applicant did not retain an unreasonable amount of liquid assets while drawing assistance.

The Department feels that certain aspects of this approach are undesirable and is currently conducting a study to develop a simplified and more effective method of determining eligibility.

The majority of the working poor present an entirely different problem. They are actively engaged in the labor force and are primarily dependent upon their own earnings. In contrast to the "traditional" social assistance recipient who is either entirely or primarily dependent upon assistance, the working poor require only supplementation as long as they are able to remain employed. As their incomes are inadequate to meet their needs they are unlikely to have any significant amount of liquid assets to sustain themselves. Normally their savings would not exceed the exemption levels under The Family Benefits Act and in any case forcing them to deplete their savings in order to be eligible for a wage supplement would be equivalent to penalizing thrift and making them even more dependent by eliminating any small contingency reserve they might have. However assets cannot be completely ignored as it is possible for some individuals to have a high level of liquid assets and limited level of income. While exceptions of this nature are rare they are significant as abuses undermine public confidence in a social assistance program and stigmatize recipients. Therefore, it would appear possible to develop a combined income and liquid asset declaration method to ascertain eligibility for this group. This would meet the terms of the Canada Assistance Plan while providing an efficient and socially acceptable method of determining eligibility without a detailed investigation of every applicant.

It has been suggested that Ontario social assistance could be modified to provide assistance to the working poor. Present programs were designed to provide full assistance to persons outside the labor force and are not designed for supplementation of earnings. Both General Welfare Assistance and Family Benefits have three basic components:

A high basic guarantee or needs level

An incentive provision for part time employment which consists of an earnings exemption of \$24 for the first person and \$12 for each additional dependent and a 75 per cent offset rate on all income which exceeds the earnings exemption

A breakeven point, or point at which benefits cease.

If the Department extended assistance to the working poor under the existing programs it would be necessary to modify The General Welfare Assistance Act or The Family Benefits Act to include the fully employed. The objective

of this modification would be twofold:

To assist the working poor

To eliminate the income differential between social assistance recipients and members of the working poor. That is, to provide a work incentive for the working poor and allow them to "profit" from their earnings.

The Department could not simply supplement to the basic support or needs level as this would not eliminate the discrepancy. That is, supplementation to the needs level would only allow a few working poor families the same "gross" income as an equivalent family on social assistance which did not have any part time earnings. A working family would not have any reward for their efforts: they would receive exactly the same gross income as the fully dependent family and their "net" income would be lower due to deductions, work expenses etcetera. While they would receive assistance, there would be no incentive to continue working. There would still be an incentive to trade off work for welfare. The differential would not be eliminated as a working family would still be considerably "worse off" than a social assistance family which supplemented its allowances with part time employment.

Therefore it would be necessary to provide an incentive feature which would eliminate this differential and at least provide the same work incentive which is available to present recipients. Theoretically this could be achieved by removing the full time employment restriction and applying the earnings exemption and offset rate to the incomes of the working poor. In essence the plan would operate in the same manner as a negative income tax with two important exceptions:

It would not be an integral part of the income tax structure

Recipients would still be affected by the present income tax structure which has not been harmonized with the social assistance structure.

All "negative rates" systems (regardless of whether they are incorporated in the income tax structure or operate independently) include:

A basic guarantee level

An offset rate to provide incentives (an earnings exemption may be included)

A breakeven point.

The basic guarantee level provides an income floor and a recipient is guaranteed that amount even if he has no other income. For example a typical negative income tax plan might have a guarantee level of \$1,500 for a family of four and apply a 50 per cent offset rate to all other income. If a recipient has no other income he receives the full guarantee. If he earns income, it is "taxed" and his guarantee is reduced by fifty cents for every dollar of earnings. If he earns \$2,000, his \$1,500 benefit is reduced by \$1,000 and his total income is \$2,500. If he earns \$3,000 or more his benefits cease.

Negative rates plans are specifically designed to provide assistance to the working poor. The offset rate is intended to discourage "trading off" work for welfare and to encourage the working poor to at least maintain if not expand their work effort. The use of the offset rate ensures that an individual always profits from work. As the offset rate takes only a part of his earnings he always profits by increasing his earnings. When the hypothetical "modified" Ontario social assistance program is analyzed in these terms a number of undesirable features become evident.

Tables 12 and 13 illustrate the results of the hypothetical modification of the existing program.

Chart 1 shows that the breakeven point for a five person family would be \$6,384 per year. As this is approximately \$1,200 higher than the poverty line for that family unit size, payments would be made to the near poor. Any five person family which earned less than that amount would be supplemented. For example, an eligible family which earned \$500 per month would be entitled to a supplement of \$24.

Table 12 illustrates the undesirable aspects of the plan. Offset rates should be designed to provide a high degree of work incentive. The use of an earnings exemption and a 75 per cent offset rate (which were intended to provide a moderate work incentive for fully dependent recipients) creates a pronounced disincentive effect. A fully employed person who earns \$3,000 per year would only receive \$543 more in net income than a similar individual who traded full time employment for part time work and restricted his earnings to his annual exemption of \$864.

The disincentive is even more pronounced when effects of the positive income tax system are introduced. The offset rate will reduce the gross earned income of an "assisted" employee who earns \$6,300 per year to only \$825 more than that of a similar recipient who earns \$3,000 per year. However the latter is not subject to income tax as his earnings are less than his exemptions and his social assistance supplement is not taxable. The \$6,300 wage earner has \$3,200 in taxable income and is required to pay \$637.74 in income taxes. Therefore his net income is only \$187.26 higher than the net income of a man who earned less than half as much.¹⁶ The optimum net income position is attained when the recipient earns \$6,100. At that point his combined net income is higher than that of either the man who earned \$6,300 and received a small supplement or a person who earned \$6,385 (\$1 more than the breakeven point) and was ineligible for assistance. If he increased his earnings by \$285 and became ineligible for assistance his net income would be 87 cents lower than when he earned only \$6,100. A plan of this nature is more likely to encourage dependency than to provide an incentive for a recipient to help himself and become independent.

The disincentive effects would be compounded if free hospital, medical and dental benefits were extended to the working poor to provide them with the same benefits as fully assisted families. A wage earner whose income was close to the breakeven point would have no incentive to increase his earnings as an increase would result in loss of his free hospital medical and dental insurance (which is not available to persons who are ineligible for social assistance).

The Department has been informed by a number of recipients that they cannot afford to return to work and lose the protection provided by these services. Apparently the gap is simply too high for some persons to overcome. Presumably a parallel phenomenon could occur in a work supplementation program.¹⁷

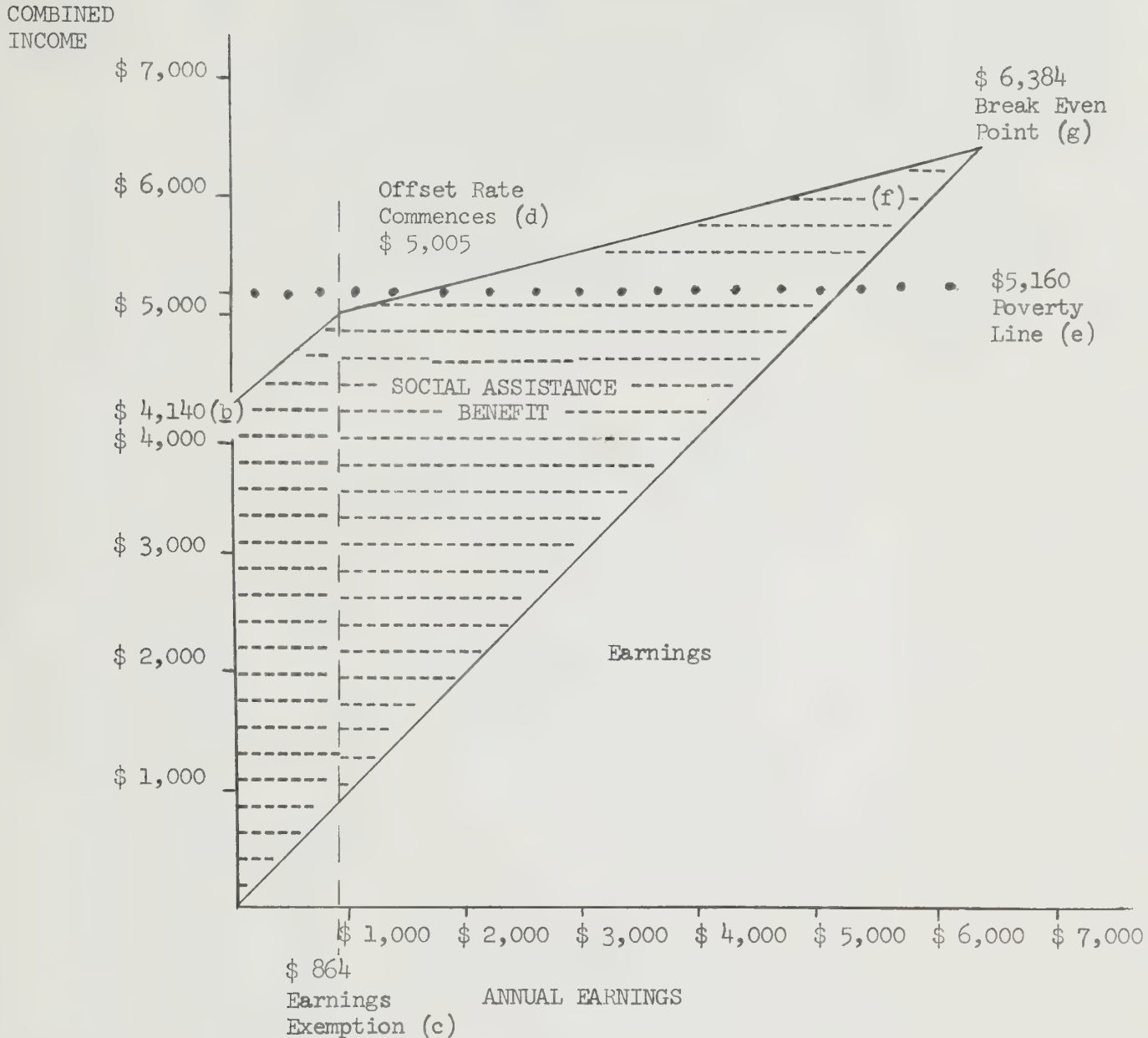
16. The maximum differential occurs at the \$6,100 earnings level. Individuals earning between \$6,101 and \$6,385 actually have a slightly lower differential due to a "notch problem" produced by the combined tax rates.

17. There are other complications. Many of the working poor pay full or partial OHSIP premiums and all of them would presumably pay full hospitalization premiums. In some cases their employers might pay a portion of their premiums. The administrative problems are apparent.

CHART I

HYPOTHETICAL APPLICATION OF ONTARIO SOCIAL ASSISTANCE PROGRAMS TO THE FULLY EMPLOYED (a)

POSSIBLE BENEFIT RANGE FOR FIVE PERSON FAMILY
SEVENTY FIVE PER CENT OFFSET RATE
EARNINGS EXEMPTION



- (a) The example is based on either The General Welfare Assistance Act or The Family Benefits Act and incorporates the needs test, the maximum needs level, the earnings exemption and the offset rate.
- (b) Maximum social assistance allowance \$4,140 annually for a five person unit.
- (c) Annual earnings exemption based on \$24 per month for the first person and \$12 for each dependant for a total of \$72 per month or \$864 per year.
- (d) All income above the earnings exemption is affected by the offset rate. Allowances are reduced by 75 cents for each dollar of non-exempt earnings.
- (e) Five person 1969 poverty line, \$5,160 annually.
- (f) Benefits paid to recipients with incomes above the poverty line.
- (g) The breakeven point, or point at which assistance ceases.

TABLE 12

HYPOTHETICAL APPLICATION OF ONTARIO SOCIAL ASSISTANCE PROGRAMS TO THE FULLY EMPLOYED (a)
 COMPARATIVE NET INCOMES

FIVE PERSON FAMILY
 SEVENTY FIVE PER CENT OFFSET RATE
 EXISTING EARNINGS EXEMPTIONS

A	B	C	D	E	F	G	H	I	J
Gross Earnings	Earnings Exemption (b)	Earnings Subject to 75 Per Cent Offset Rate (c)	Amount by Which 75 Per Cent Offset Rate Reduces Benefit (d)	Needs Level (e)	Net Benefit (f)	Gross Income (g)	Taxable Income	Income Tax	Net Income
864	\$ 864	\$ 2,136	\$ 1,602	\$ 4,140	\$ 4,140	\$ 5,004	\$	\$	\$ 5,004.00
3,000	864	2,236	1,677	4,140	2,538	5,538			5,538.00
3,100	864	2,336	1,752	4,140	2,463	5,563			5,563.00
3,200	864	2,636	1,977	4,140	2,388	5,588	100.	14.80	5,573.00
3,500	864	3,136	2,352	4,140	2,163	5,663	400	59.20	5,603.80
4,000	864	3,636	2,727	4,140	1,788	5,788	900	133.20	5,654.80
4,500	864	4,136	3,102	4,140	1,413	5,913	1,400	230.00	5,683.00
5,000	864	4,636	3,477	4,140	1,038	6,038	1,900	331.05	5,706.95
5,500	864	5,136	3,852	4,140	663	6,163	2,400	445.55	5,717.45
6,000	864	5,236	3,927	4,140	288	6,288	2,900	563.09	5,724.91
6,100	864	5,436	4,077	4,140	213	6,313	3,100	586.60	5,726.40 (k)
6,300	864	n.a.	n.a.	n.a.	63	6,363	3,200 (l)	637.74	5,725.26
6,385 (m)	n.a.	n.a.	n.a.	n.a.	n.a.	6,385	3,385	659.47	5,725.53

- (a) The example is based on The Family Benefits Act and incorporates the needs test, the maximum needs level, the earnings exemption and the offset rate.
- (b) Monthly earnings exemption of \$24 for the first person and \$12 for each dependent for a total of \$72 per month for a five person family $24 + (4 \times 12)$; annual exemption 72×12 , or \$864.
- (c) Gross earnings less the earnings exemption: Column A - Column B = Column C.
- (d) Earnings subject to tax x the offset rate: Column C x 75 per cent offset rate.
- (e) Annual needs level for a five person family based on the \$345 maximum monthly allowance under The Family Benefits Act or the General Welfare Assistance Act.
- (f) Needs level - the amount by which benefits are reduced: Column E - Column D = Column F.
- (g) Combined earnings and net benefits: Column A + Column F = Column G
- (h) Taxable Income = Gross Earnings - Exemptions and Deductions: Column A minus total income tax exemptions and deductions (Exemptions and deductions are: \$1,000 per adult, \$300 per child, \$100 medical/charitable, and \$100 miscellaneous for Canada Pension Plan, Union Dues, etcetera. Total exemptions and deductions are \$3,100).
- (i) Calculated on taxable income at 1969 rates: amount of income tax paid on earned income, social assistance payments are not taxable.
- (j) Gross Income less income tax: Column J = Column G - Column I.
- (k) Optimum net income position is attained with Gross Earnings (Column A) of \$6,100 and Net Benefit (Column F) of \$213.
- (l) The aggregate tax rate (combined 75 per cent offset and income tax rates) on last \$200 is 101.57 per cent.
- (m) As gross earnings are \$1 more than the break-even point the individual is no longer eligible for assistance.

It should be noted that our experience indicates that most employable persons would prefer to be self supporting. The economic aspects of the hypothetical program (including incentives, differentials etcetera) have been stressed for a number of specific reasons:

First, the difference between the working poor and social assistance recipients is, in the first instance, one of money. Similarly the question of incentives is not merely one of maintaining the labor supply but also one of relative monetary equality.

Second, while very little is known about the effects of supplementing the working poor, incentives and the labor supply are the major public issues. While our knowledge is limited, it would be undesirable to build pronounced work disincentives into a program which is intended to eliminate economic differentials, particularly when one of the major criticisms of social assistance has been the lack of incentives in some programs.

Third, dollar values can be readily quantified. It is possible to calculate breakeven points, and compare the incomes of one family to another. In contrast, it is much more difficult to predict, let alone quantify psychological and sociological effects although they may be extremely significant.

The program would also create serious administrative problems. In contrast to many salaried employees the incomes of the working poor do not consist of uniform monthly payments. Their incomes may be cyclical, peaking in one season and declining in another. Many suffer from periodic unemployment and have fluctuating incomes. Yet their needs must always be met and assistance must be prompt and adequate.

The problem can be readily seen by comparing this situation with an operational negative rates system, the Guaranteed Income Supplement. The program is designed for a group which is outside the labor force. It is income and not needs tested and is only applied to one or two person units. The income patterns of its recipients are relatively stable as income is primarily derived from pensions, annuities, interest, etcetera. Payments are calculated on the basis of a recipient's income in the preceeding year. A recipient files one application per year and receives his supplement in arrears in twelve equal installments. The program is efficient and easy to administer and the negative rates approach appears to be quite appropriate for this group.

Application of the negative rates approach to the working poor is an entirely different matter, and creates problems concerning the timing of payments and over-estimates and under-estimates of income. If payments are made on a monthly basis to ensure that current needs are met other problems occur. The process involves continuous determination of eligibility and presumably at least twelve calculations per year for a recipient who maintains his eligibility. The use of an essentially unrealistic time period for assessment of income creates a situation in which recipients are being continually suspended and reinstated.¹⁸ It also produces situations in which payments might very well be made to people whose annual incomes would be well above the poverty line. If payments are made in arrears on the basis of a submission of proof of earnings delays may occur and there is no provision for current contingencies. If payments are made in advance overestimates and under-estimates of earnings will occur. Conversely if payments are made quarterly or biannually assistance is not related to current needs; lump sum payments

18. This creates some disincentive effects. A recipient who receives a small subsidy of perhaps \$30 per month may prefer to forego an opportunity to increase his earnings through overtime rather than go through the process of suspension and have to re-apply for benefits when his income returns to its normal level. This is both costly and demoralizing.

do not appear to be the most satisfactory form of assistance.¹⁹

The Department has acquired considerable experience in the operation of negative rates plans through the administration of The Family Benefits Act. Experience indicates that fluctuations in part time earnings of even long term recipients create administrative problems. There is every indication these difficulties would be considerably more pronounced in a work supplementation program. In short, the program would appear to incorporate most of the major administrative problems of the negative income tax system, without the advantages offered by integration with the income tax structure.

The hypothetical modification of existing Ontario social assistance programs serves a useful purpose as it illustrates a number of key points.

(1) One must not readily modify programs to meet new problems. Income maintenance programs must be specifically designed to serve the needs of the assisted group and all relevant socio-economic factors must be taken into account in their design. The preceeding examples indicate not only that modifications would produce a disincentive rather than an incentive but also an undesirable "income equalization" side effect. That is, the difference in net income for all heads of five person families with three children under age 16 who earned \$6,300 or less was reduced to \$188.40.²⁰ If the modified program had been introduced as a right for all working poor families a general income equalization effect would have occurred in the earnings range \$3,000 to \$6,400.²¹ The potential effects on labor supply are not known, however it is not difficult to imagine some of the possible results which this might produce in the areas of collective bargaining and employer-employee relations.

(2) The use of high offset rates in the 75 per cent range appears to produce a "double disincentive effect." First, the worker has little incentive to increase his earnings as the offset rate takes \$3 of every \$4 which he earns above his earnings exemption. It also appears to have a reciprocal function. That is, a pronounced "cushioning effect" is created as the recipient only loses \$1 out of each \$4 when his earnings decline. Therefore a man earning \$6,000 per year could cut his income in half and only lose \$750 in gross earnings (or \$187 in net earnings if the current positive income tax is taken into account).

(3) The income tax system must be effectively co-ordinated with the income maintenance structure. The model illustrates both what would have occurred if the Department had introduced a modified program and what might

19. The preliminary report of the New Jersey experiment might appear to contradict this point. The report contains selective preliminary data from an extremely important social science experiment. However valid conclusions cannot be drawn from "first significant data." In the words of the Office of Economic Opportunity Report, "it will be necessary to await a detailed report from the social scientists." It would be premature to draw conclusions from preliminary data, particularly when it does not contain details concerning all aspects of the experiment.

20. The equalization effect would take place regardless of whether income was obtained from part time or full time employment. For example, a \$3,000 per year marginal employee would have little incentive to take a higher paying job which required more responsibility and longer hours. Similarly, a man who earned a high hourly wage but suffered from frequent unemployment would have little incentive to attempt to obtain more employment.

21. The maximum differential occurs at the \$6,100 earnings level. Individuals earning between \$6,101 and \$6,385 actually have a slightly lower differential due to a "notch problem" produced by the combined tax rates.

happen if new programs are developed without co-ordination. The model illustrates two obvious but often overlooked points:

Incentive oriented plans must allow for the effects of the income tax structure as well as the offset rate (or conversely, the tax structure must provide compatible levels of exemptions and deductions).

The exemption of social assistance payments from taxation creates a situation in which a recipient can trade off increased earnings for tax free social assistance payments. For example the income equalization effect is aggravated by the special status of social assistance payments. If the latter were taxed the net income differential for the \$3,000 to \$6,300 earnings range would increase from approximately \$188 to \$642.²² Harmonization of the taxation and social assistance structures appears to be a prerequisite for the introduction of an assistance program for the working poor.

The hypothetical program is not an exaggerated example of what would occur if wage supplementation were to be "built in" to existing programs. Other alternatives have been fully explored with equally unsatisfactory results. Chart 2 and Table 13 illustrate the effect of decreasing the offset rate to 50 per cent and eliminating the earnings exemption.

This hypothetical modification produces a breakeven point of \$8,280, or \$3,100 per year more than the poverty line for a five person family. A reduced offset rate does not appear to eliminate the disincentive effect and the combined tax rates range from approximately 65 to 79 per cent. The wage equalization effect occurs in a reduced but still unacceptable form. A recipient who earns \$3,000 obtains a net income of \$5,690, whereas a similar individual earning \$8,280 nets only \$6,816.30. Although he earns almost three times as much, his net income is only 20 per cent higher. In short the leakage is excessive, neither the disincentives nor the taxation problem are resolved and the wage equalization effect is unacceptable.

The hypothetical models have been introduced to illustrate two points:

Our existing social assistance programs are not suitable for modification to provide assistance to the working poor.

The models illustrate a few of the many complex variables which would affect any program which offered supplementation as a right.

The question of assistance as a right for the working poor involves considerably more than the existence of a permissive clause in the Canada Assistance Plan. The entire issue is dependent upon a number of key factors.

Knowledge - Income maintenance systems must be designed to meet the needs of the target group in the most effective and efficient manner without introducing seriously undesirable side effects. At this time there is a significant information gap. Very little is known about the working poor per se, the incentive and labor supply, potential economic sociological and psychological side effects, potential costs and benefits etcetera and hence the most effective method or methods of providing assistance.²³

Co-ordination - The model illustrates the lack of co-ordination between the taxation and social assistance structures. However co-ordination embraces many other areas including employment related policies and programs. Even "a guaranteed income program in no sense diminishes the need for government

22. Similarly increased exemptions and deductions such as those contained in the Proposals for Tax Reform would also increase the differential.

23. These working poor can also be assisted by other means such as taxation credits, public housing etcetera.

to follow an active full-employment policy."²⁴ The cost and effectiveness of any supplementation program for the working poor would be seriously affected by increasing unemployment.

Public Acceptability - Social assistance programs must reflect the values and objectives of society. Public recognition and commitment are an essential prerequisite for any meaningful assistance program.

The preceeding points are by no means an exhaustive list of the related variables and are only intended to illustrate some of the factors which affect the development of an appropriate supplementation program.

However it is not feasible to approach the problem of assisting the working poor in isolation from the existing income maintenance structure. A complete re-evaluation of the existing income maintenance structure is required, not only as a prerequisite for further development but also because of the unique problems of supplementation. Introduction of an income guarantee for fully employed persons would create a form of guaranteed annual income even if the existing structure were to be retained in its present form. Present social assistance programs provide income as a right to persons who are either outside the labor force or unemployed. (Old Age Security and Guaranteed Income Supplement provide for the aged; Family Benefits assists the blind, disabled, mentally retarded, some of the aged and single mothers. General Assistance is a program of last resort for persons who fall through the gaps in other systems.) Only Old Age Security and Family Allowances offer income as an unrestricted right; the remainder are selective providing assistance as a right, based on need. Introduction of a program providing assistance as a right to those who suffer from income deficiency would close the largest gap in the structure and, together with other social assistance measures, create a guaranteed income structure. Gaps would still exist, levels of support would vary and each program would retain its own eligibility criteria. Nevertheless the result would be an imperfect form of guaranteed annual income.

Therefore it is necessary to re-evaluate the entire income maintenance system in terms of a set of socially acceptable goals to ascertain whether the objectives can be best obtained through

The introduction of a new program

The modification of existing programs

The development of a completely new and more effective income maintenance structure.

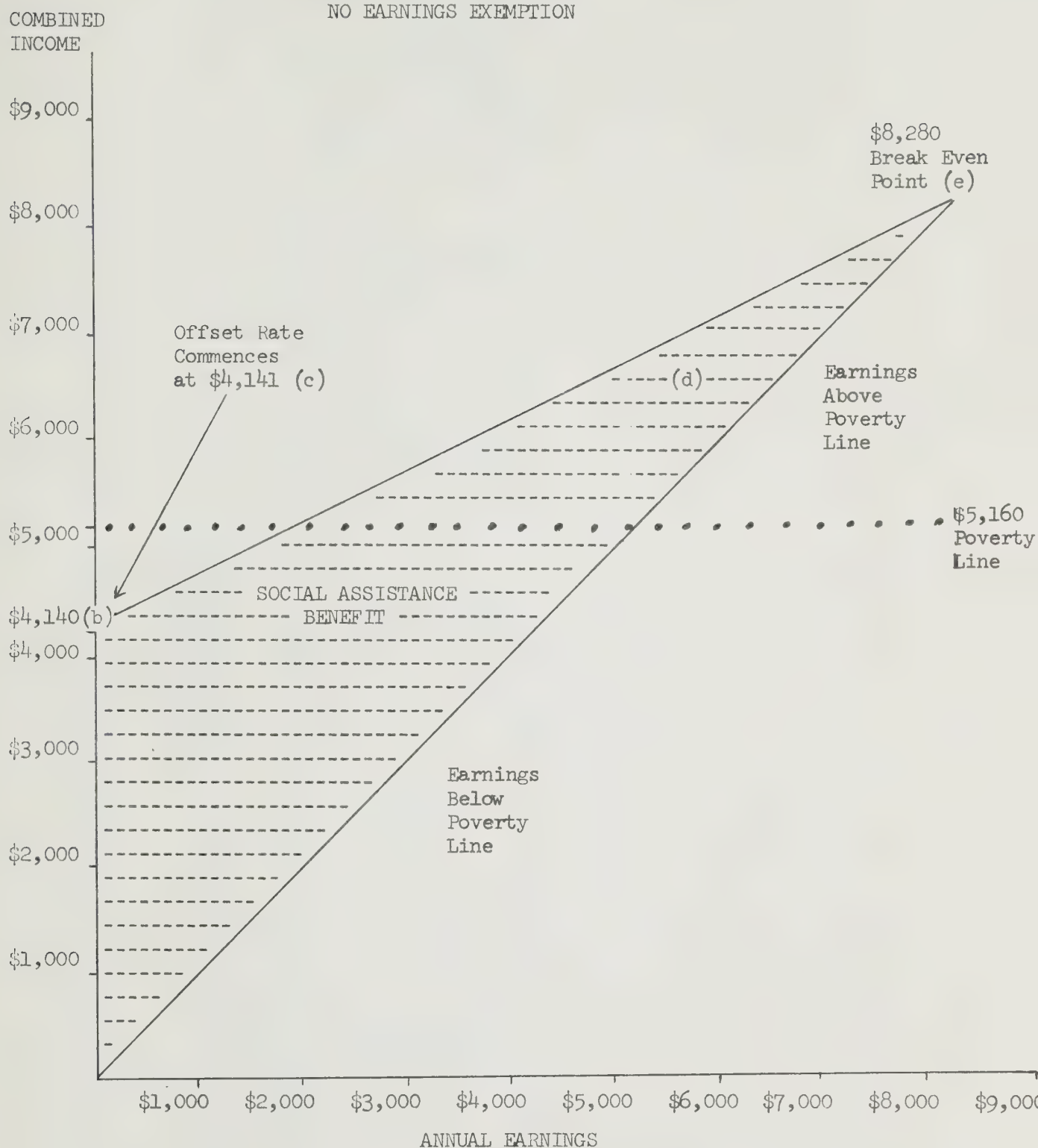
The question of assistance as a right for fully employed persons is essentially the question of a guaranteed annual income.

24. Cutt, James, "A Guaranteed Income - Next Step in the Evaluation of Welfare Policy?" Social Service Review, June 1968, p. 217.

CHART 2

HYPOTHETICAL APPLICATION OF ONTARIO SOCIAL
ASSISTANCE PROGRAMS TO THE FULLY EMPLOYED (a)

POSSIBLE BENEFIT RANGE FOR FIVE PERSON FAMILY
FIFTY PERCENT OFFSET RATE
NO EARNINGS EXEMPTION



- (a) The example is based on The Family Benefits Act and incorporates the needs test, and the maximum needs level. The offset rate has been reduced from 75 to 50 per cent and the earnings exemption has been eliminated.
- (b) Maximum social assistance allowance of \$4,140 annually for a five person unit.
- (c) All income is affected by the offset rate. Allowances are reduced by 50 cents for each dollar of earnings.
- (d) Benefits paid to recipients with incomes above the poverty line.
- (e) The breakeven point, or point at which assistance ceases.

TABLE 13

HYPOTHETICAL APPLICATION OF ONTARIO SOCIAL ASSISTANCE PROGRAMS TO THE FULLY EMPLOYED (a)
COMPARATIVE NET INCOMES

FIVE PERSON FAMILY
FIFTY PER CENT OFFSET RATE
NO EARNINGS EXEMPTION

A Gross Earnings	B Needs Level (b)	C Amount by Which 50 Per Cent Offset Rate Reduces Benefit (c)	D Net Benefit (d)	E Gross Income (e)	F Taxable Income (f)	G Highest Rate of Combined Marginal Tax (g)	H Income Tax (h)	I Net Income (i)
\$ 3,100	\$ 4,140	\$ 1,550	\$ 2,590	\$ 5,690	\$ -	50.00 %	\$ -	\$ 5,690.00
4,100	4,140	2,050	2,090	6,190	1,000	67.00	150.00	6,040.00
5,100	4,140	2,550	1,590	6,690	2,000	70.42	351.50	6,338.50
6,100	4,140	3,050	1,090	7,190	3,000	73.51	586.60	6,603.40
7,100	4,140	3,550	590	7,690	4,000	75.57	842.30	6,847.70
8,100	4,140	4,050	90	8,190	5,000	78.66	1,128.90	7,061.10
8,280	4,140	4,140	-	8,280	6,180	76.78	1,463.70	6,816.30(j)

- (a) The example is based on The Family Benefits Act, and incorporates the needs test and the maximum needs level. The offset rate has been reduced from 75 to 50 per cent and the earnings exemption has been eliminated.
- (b) Annual needs level for a five person family based on the \$345 maximum monthly allowance under The Family Benefits Act or the General Welfare Assistance Act.
- (c) Earnings subject to tax: 50 per cent of Column A = Column C.
- (d) Needs level - the amount by which benefits are reduced: Column B - Column C = Column D.
- (e) Combined earnings and net benefits: Column A + Column D = Column E(i.e., gross income equals combined earnings and net benefit).
- (f) Taxable Income = Gross Earnings - Exemptions and deductions: Column A minus total income tax exemptions and deductions. (Exemptions and deductions are: \$1,000 per adult; \$300 per child, \$100 medical/charitable, and \$100 miscellaneous for Canada Pension Plan, Union Dues etcetera. Total exemptions and deductions are \$3,100).
- (g) 50 per cent offset rate plus marginal income tax rate.
- (h) Calculated on taxable income at 1969 rates: amount of tax paid on earned income. Social assistance payments are not taxable.
- (i) Gross income less income tax: Column E - Column H = Column I.
- (j) Under this program the net income (Column I) of a fully employed person with gross earnings of \$8,280 a year would be only \$1,126.30 greater than that of a person earning \$3,100 a year.

IV. FUTURE OF INCOME MAINTENANCE

At present the income maintenance system consists of a variety of selective and universal programs operated by three levels of government. There are gaps and overlaps in coverage, payments are made to the non-poor and the programs are not effectively co-ordinated among themselves and with the tax system. Future developments in income maintenance are dependent upon a re-evaluation of existing programs, the establishment of short and long term goals and the application of modern research and policy evaluation techniques. These developments are dependent upon two key factors, information and co-operation.

It is necessary to understand a given problem and its variables in order to find a set of appropriate solutions. The Special Senate Committee on Poverty has received a large number of briefs from a wide range of sources during its hearings. The Committee has continually sought accurate and current data regarding the poverty problem. Despite the fact that a great deal of information has been developed there are large information gaps. There are no current statistics on family income patterns, much of the data consists of projections of refinements of 1961 census data or the 1965 and 1967 income distribution samples. Information concerning the working poor is almost completely lacking, it is doubtful whether any agency can provide current and accurate data concerning their numbers, expenditure patterns, characteristics, etcetera. The Department has examined this problem in some depth. The choice appeared to lie between the development of estimates based on obsolete data or to simply admit that timely and accurate data are not available. The Department has chosen the latter alternative with the intent of demonstrating the magnitude of the information gap. Accurate and timely information is a fundamental prerequisite for the evaluation of our existing program and the development of new programs.

The irony of this situation is apparent when one considers the range of information which is available from the Dominion Bureau of Statistics. It is possible to determine the number of greenhouses in the Province, the monthly production of soft drinks, quarterly statistics on the shipments of flush type doors (wood) by Canadian manufacturers and stocks, purchases and sales of scrap aluminum, brass, bronze, copper and magnesium. Accurate and highly current data are available concerning the Consumer Price Index, wages and salaries, and the labor force. Yet, there is virtually no data available concerning the working poor and the major source of data on poverty is the 1961 census. The census was not designed for this purpose, the next census will take place in 1971 and the data will not be immediately available.

The problem is simply that the information system has not been designed to produce the type of data which are required for an attack on poverty. It would also appear that all the available sources of information may not have been fully exploited. Current data concerning income distribution are not available and the major source of information on family incomes has been provided by Dominion Bureau of Statistics samples. The federal government has a number of exclusive data sources. Presumably computer tapes exist for the Old Age Security, Guaranteed Income Supplement, Family Allowances, Canada Pension Plan, Unemployment Insurance programs and other transfer payments such as War Veterans Allowances. If these tapes were made available in conjunction with income tax data from the Department of National Revenue it might be possible to "match" the data and obtain a much more current concept of family income distribution. The Province could provide some information concerning payments made under the Canada Assistance Plan.

The information gap is not confined to any single level of government. Although the Department has statistics concerning its own programs the data are

far from complete and it is necessary to develop data on the existing caseload. This problem is under review and the Department is redesigning its entire information system.

Future developments in income maintenance must involve basic decisions concerning:

Goals and objectives

The appropriate blend of income maintenance programs and

The respective responsibilities for development and operations

Financial arrangements.

These issues cannot be resolved unilaterally and co-ordination is essential not only in terms of major decisions but also such issues as research programs, standardized evaluation criteria and so on. Similarly, co-operation and co-ordination are necessary between various federal government departments. To this date, the required degree of co-operation has not been achieved, and the data output has been inadequate.

It is not possible to predict the form of future developments in income maintenance at this time.

Will developments take the form of additions to our existing program inventory?

Will Canada establish a national income floor under the Canada Assistance Plan which will be complemented by specialized programs for specific groups?

The key issue lies not in the form of the developments but rather in ensuring that an appropriate and effective set of programs are developed to meet the needs of the poor.

This goal cannot be obtained by modifying unsuitable programs to meet new needs and perpetuating old problems and reducing the effectiveness of the entire income maintenance structure. An appropriate income maintenance inventory can only be obtained through co-operation at all levels of government and evaluation of existing and future programs in terms of meaningful objectives in the light of accurate and timely information.

The development of an improved income maintenance structure will take time and some form of interim assistance is called for for the working poor. The Department is examining alternative methods of assisting low income families. It would appear that a selective payment to working poor families might be feasible. Payments could be related to family unit size and related to income levels. However there are a number of major unresolved problems as the data concerning both the working poor and possible side effects are extremely limited, no conclusions can be drawn at this time. While an interim program is essentially a short term measure it must meet all relevant program criteria without introducing any seriously undesirable secondary effects.

The development of an interim solution is also dependent upon other external factors. The federal white paper on social assistance will be released shortly. The Province has not been consulted regarding its recommendations and it may have far-reaching implications which would affect the development of an interim program. Similarly, the possible extension of assistance to an entirely new segment of society re-emphasizes the necessity of reviewing the entire question of Federal-Provincial tax sharing. Future development in that area may well affect the potential form of future income maintenance programs.

V. SOCIAL SERVICES: PROVINCIAL PROGRAMS

Social service and income maintenance programs are not mutually exclusive, however, it is convenient to make a distinction between them. Some social services are concerned with care and sustaining individuals at their present level of functioning while others are aimed at helping them overcome their difficulties and handicaps. The following sections describing the impact of our social service programs on the alleviation and prevention of poverty are organized along departmental structure lines. Although many of the services are shareable under the Canada Assistance Plan, some are either not shared at all or are shared under other legislation.

A. Child Welfare and Children's Institutions

Services to children are provided for the most part by Children's Aid Societies and children's institutions. Children's Aid Societies are private corporations whose operating expenses are financed by municipal governments, the Province, and the federal government under the Canada Assistance Plan. There are 51 societies in Ontario, generally established to cover the geographical territory of a county or district (a number of counties have combined, there are 3 areas with 2 societies separated by religious affiliation, Metro Toronto is not part of a county). Children's institutions are operated by private agencies such as religious orders, the Salvation Army and the Big Sisters. They provide a range of services from board and lodging through to treatment of the emotionally disturbed child. At present there are 30 institutions in operation with a capacity of 658 children. Local associations for retarded children operate residential homes for the retarded child. This legislation is relatively new, at present 23 corporations have been approved and eight homes are now in operation. The capacity of these homes is 115 beds. Most direct government services for the mentally retarded are, of course, provided by hospitals, schools and other facilities of the Ontario Department of Health.

The principal services supervised by the Child Welfare and Children's Institutions Branches are:

adoptions,

prevention, protection, treatment care and maintenance of children,

help to unmarried mothers.

Adoptions and help to unmarried mothers have little relation to poverty. Treatment services for emotionally disturbed children are being transferred to the Department of Health and will no longer be our concern; therefore an examination of their relation to poverty has not been included here.

In 1966 new child welfare legislation came into effect, the principal changes being emphasis on preventive services, introduction of staffing standards and entirely public financing. This new Act provides that membership of the Board of Directors and Executive Committee of the Children's Aid Society is to include four municipal representatives so that those who pay for the services participate in establishing policies; this arrangement was to ensure co-ordination with other welfare services of the municipality.

Protection services are undertaken by Children's Aid Societies when parents fail to meet their responsibilities to their children. Children may be physically abused, neglected physically and emotionally, or inadequate attention may be paid to their health and education, their home may be an unfit place for them to live or their parents may be unable to care for them properly. Protection services are carried out by social service staff of the Societies; the objective of supervision and counselling is to ensure adequate care for the child and to help the family function more effectively. If this cannot be

achieved, the child is removed from his home and taken into care as a ward of the Children's Aid Society.

Unfortunately no income distribution statistics are available on families to whom Children's Aid Societies provide family counselling and protection services. Rough estimates which have been provided based on the personal knowledge of the staff of the provincial Child Welfare Branch indicate that most prevention resources are directed to low income families. These families appear to have somewhat different structures than the community generally, i.e., many are one parent families (where there are two persons living together they may not be married.) It is also believed that many suffer from intermittent employment, insecure marginal incomes, and some of them have to depend from time to time on social assistance. Many problems giving rise to intervention by Children's Aid Societies occur among persons with a relatively low socio-economic status. The average number of children in a prevention case is almost three. Undoubtedly much work needs to be done in obtaining background information on the clients of protection services of Ontario Children's Aid Societies. If poverty is one of the causes of the environment in which child abuse and neglect occur, then one must be realistic about what can be accomplished in alleviating it, by counselling and prevention services. While they may prevent further deterioration in the family situation and enable the child to remain living at home they do not deal with the economic condition of the family, that is they are not equipped to provide training courses, basic upgrading and related benefits. If parental behavior problems are another cause of child abuse and neglect, the results to be expected from prevention and counselling services depend on the capacity of staff members to diagnose and treat the social and psychological difficulties of their clients. Evaluation of protection, prevention and counselling services is difficult to achieve because the standards against which they are to be judged are not explicit.

When prevention and protection are impossible or likely to be unsuccessful in-care services are the alternative. However, it should be noted that most children admitted to care of Children's Aid Societies do not come through this route, but are the infant children of unmarried parents. Other than infants, those coming into care in recent years tend to be older children with emotional problems which require group care or expensive institutional treatment. About one half of all the children in care in any one year are adopted, the remainder are either eventually returned to their families or wardship ceases at age eighteen. Over 60 per cent of all of the children in care at any one time are in foster homes, 20 per cent are on adoption probation and the remainder are in group homes or other institutions. Approximately one quarter of the net expenditures of Children's Aid Societies are board for foster children and all services to children in care account for about one half. Foster home rates are established by each Society, as are clothing allowances and spending allowances; amounts vary locally and with the age and sex of the child. Twenty-six of the 51 societies operate group homes; rates for care in these are established locally. Per diem rates in children's institutions are established by the Province. (About 5 per cent of the children in care are disturbed and in need of institutional treatment care, about 3 per cent are mentally retarded.)

A table listing the Children's Aid Societies and indicating the provincial and municipal share of their operating expenditure may be found at the end of this section. It is evident that there is a wide range in size and complexity of operations. Children's Aid Societies employed 2,075 persons at the end of 1968, providing service to about 102,400 children. The smallest society employed 5 persons, the largest 550. Six societies had no professionally trained staff.

Services are provided to detached youths through the Children's Institutions Branch. For instance, one institution assists young women just released from reformatories and another is a group residence for young women aged 16 to 22.

Financing of services to children is provided by three levels of government. In addition, many of the private agencies which operate institutions for children make a financial contribution.

TABLE 14
EXPENDITURES OF CHILDREN'S AID SOCIETIES
1968

	Total Expenditure	Provincial Share		Municipal Share	
		Amount	%	Amount	%
Algoma	\$ 294,547	\$ 244,657.	83.0	\$ 49,890.	17.0
Brant	438,536	346,490	79.0	92,046	21.0
Bruce	173,671	140,008	80.6	33,663	19.4
Dufferin	77,155	53,657	69.5	23,498	30.5
Elgin	154,918	115,481	74.5	39,437	25.5
Essex C.A.S.	1,208,424	853,925	70.7	354,499	29.3
Essex R.C.	1,049,915	748,594	71.3	301,321	28.7
Frontenac	418,747	307,779	73.5	110,968	26.5
Grey	169,665	121,739	71.8	47,926	28.2
Haldimand	86,472	63,413	73.3	23,059	26.7
Halton	252,746	185,990	73.6	66,756	26.4
Hastings	374,148	266,978	71.4	107,170	28.6
Huron	158,745	109,072	68.7	49,673	31.3
Hamilton C.A.S.	1,480,696	1,079,641	72.9	401,055	27.1
Hamilton R.C.	764,522	593,259	77.6	171,263	22.4
Kapuskasing	231,763	202,826	87.5	28,937	12.5
Kawartha-Haliburton	300,175	241,307	80.4	58,868	19.6
Kenora	277,293	250,524	90.3	26,769	9.7
Kent	214,154	155,013	72.4	59,141	27.6
Lambton	267,158	206,234	77.2	60,924	22.8
Lanark	106,899	78,568	73.5	28,331	26.5
Leeds & Grenville	204,797	151,010	73.7	53,787	26.3
Lennox & Addington	54,243	37,973	70.0	16,270	30.0
Lincoln Welland	1,086,327	758,318	69.8	328,009	30.2
London & Middlesex	1,640,162	1,287,932	78.5	352,230	21.5
Manitoulin	129,522	121,068	93.5	8,454	6.5
Muskoka	169,509	115,282	68.0	54,227	32.0
Nipissing	245,188	186,081	75.9	59,107	24.1
Norfolk	298,638	208,214	69.7	90,424	30.3
Northumberland & Durham	204,792	148,007	72.3	56,785	27.7
Ontario	612,731	447,103	73.0	165,628	27.0
Oxford	150,574	115,462	76.7	35,112	23.3
Ottawa-Carleton	2,892,846	2,204,416	76.2	688,430	23.8
Parry Sound	178,255	143,051	80.3	35,204	19.7
Peel	439,118	323,343	73.6	115,775	26.4
Perth	197,269	136,972	69.4	60,297	30.6
Porcupine & District	271,167	194,642	71.8	76,525	28.2
Prescott & Russell	183,597	122,250	66.6	61,347	33.4
Prince Edward	162,583	106,485	65.5	56,098	34.5
Rainy River	150,849	122,223	81.0	28,626	19.0
Renfrew	265,280	191,936	72.4	73,344	27.6
Simcoe	350,391	244,344	69.7	106,047	30.3
Stormont, Dundas, Glengarry	372,236	266,962	71.7	105,274	28.3
Sudbury	853,165	665,727	78.0	187,438	22.0
Temiskaming	245,003	189,963	77.5	55,040	22.5
Thunder Bay	676,736	519,975	76.8	156,761	23.2
Toronto C.A.S.	9,536,518	7,406,009	77.7	2,130,509	22.3
Toronto R.C.	5,331,098	4,116,301	77.2	1,214,797	22.8
Waterloo	846,798	618,015	73.0	228,783	27.0
Wellington	429,760	294,584	68.5	135,176	31.5
York	438,890	322,467	73.5	116,423	26.5
Total	37,118,391	28,131,270	75.8	8,987,121	24.2

COMPARATIVE STATISTICS

CHILD WELFARE

Protection Work Caseload

	1960		1961		1962		1963		1964		1965		1966		1967		1968	
	Cases	Children	Cases	Children	Cases	Children	Cases	Children	Cases	Children	Cases	Children	Cases	Children	Cases	Children	Cases	Children
Receiving service at beginning of year	7,453	19,389	7,670	20,702	8,438	22,565	8,257	22,847	8,506	23,833	8,349	24,038	8,128	22,458	9,836	27,368	11,069	30,823
New cases	9,144	24,396	8,170	21,332	7,312	19,097	7,419	19,158	7,501	20,541	7,805	20,143	11,579	30,584	11,505	29,021	11,318	28,207
Cases re-opened	2,117	6,624	3,129	9,398	3,134	9,983	3,023	9,540	3,084	9,960	2,970	9,199	3,680	11,260	4,853	14,644	4,240	12,908
Children transferred to protection from in-care service	—	2,547	—	2,654	—	2,736	—	3,135	—	3,261	—	3,021	—	3,517	—	4,152	—	4,027
Total open cases during the year	16,714	52,956	18,969	54,086	18,884	54,381	18,699	54,680	19,091	57,595	19,124	56,401	23,387	67,819	26,194	75,185	26,627	75,965
Children transferred to in-care from protection	—	3,718	—	3,830	—	3,907	—	4,244	—	4,553	—	4,523	—	5,299	—	5,682	—	5,929
Cases closed	11,044	28,536	10,531	27,691	10,627	27,627	10,193	26,603	10,742	29,004	10,996	29,420	13,551	35,152	15,125	38,680	15,109	38,860
Total cases and children at end of year	7,670	20,702	8,438	22,565	8,257	22,847	8,506	23,833	8,349	24,038	8,128	22,458	9,836	27,368	11,069	30,823	11,518	31,176

Children in Care

In care at beginning of year	14,652	14,188	14,041	13,584	13,706	14,359	15,222	16,487	17,643
Admitted during the year	7,615	7,710	7,943	8,718	9,534	10,079	11,120	11,428	11,641
Discharge during the year	8,079	7,857	8,400	8,596	8,881	9,216	9,855	10,272	11,055
In care at end of year	14,188	14,041	13,584	13,706	14,359	15,222	16,487	17,643	18,229
Total number receiving in-care service	22,267	21,898	21,984	22,302	23,240	24,438	26,342	27,915	29,284
Total number children receiving in-care service and protection during year	72,676	73,330	73,629	73,847	77,574	77,818	90,644	98,948	101,222

Children's Institutions

Number of non-wards of Children's Aid Societies in residence during year	861	944	927	771	751	911	1,111	1,126	1,158
--	-----	-----	-----	-----	-----	-----	-------	-------	-------

Total number of children to whom service provided during year	73,537	74,274	74,556	74,618	78,325	78,729	91,755	100,074	102,380
---	--------	--------	--------	--------	--------	--------	--------	---------	---------

B. Family Services

This branch was established in 1968 to assist recipients of Family Benefits in achieving economic independence or to help them function more effectively. This is a family counselling service for social assistance recipients. The recipients who benefit most from these services are mothers with children. Counselling is given to help with marital problems, budget management, conflicts with employers, housing, employment and other social and domestic problems. Cases are referred from field staff to the counsellors who screen and assess the potential of the recipient. Some experimental projects have been carried out to assess the relative effectiveness of various methods of delivering this service. At present there are about 25 persons on staff, of whom 18 are professional social workers in direct service positions.

This program is still in a developmental stage and it will continue to be expanded.

C. Day Nurseries

Day nurseries are operated by either municipal governments or private groups. In areas without municipal organization the Department may establish nurseries. The Department licenses and inspects nurseries unless they are part of the educational system. In addition financial assistance is available through public agencies to encourage the establishing of new nursery places.

Nurseries which provide all day care for children are referred to as "day care centres." A "day nursery" offers day care to children between the ages of 3 and 10 for periods of less than twenty four hours. "Nursery School" is a term often applied to half day nursery programs. The Department licenses nurseries for children: the usual age range is 2 - 5. Some nurseries provide day care for children 6 - 10, beyond the normal school attendance period.

Nurseries must provide various play facilities for children in accordance with the length of attendance and their age levels. Where children are in care all day, a hot meal is required at noon and other nourishment as needed. The Department assists operators by advising them on the social and recreational programs which may be appropriate.

Nurseries are financed by provincial grants, municipal expenditures and fees paid by parents. Private nurseries under contract may have other sources of income such as community funds. Responsibility for the operation of the public nursery program is at the municipal level. A needs test is applied to the family to establish the portion of the fee which they are able to pay. This test is somewhat similar to that used to determine eligibility for special assistance under The General Welfare Assistance Act. Assets are considered but no limits are defined so that each municipality may establish its own criteria. Budgetary needs include many items not considered in the pre-added budgets of social assistance programs such as debts, dental services and drugs. Available income, which is deducted from needs to determine ability to pay, includes monthly net earnings and other sources of income; 25 per cent net monthly earnings of the family are exempted for contingencies. If the available income is less than the cost of nursery services, the nursery fee schedule may be subsidized and in some instances may be eliminated altogether. Municipalities apply this test to the nurseries they operate and when services are purchased the private nursery operator applies the test.

Unfortunately no statistics are available on the proportion of children in public day nurseries who are fully or partially subsidized. Nor is there any information on the characteristics of parents who use these services, their family structure, their income levels, whether or not the mother works and other similar data.

Private proprietary day nurseries are not subsidized. The Province licenses them, inspects the physical plant and advises on play and other activities for the children. Almost 9 out of every 10 nurseries are operated as private services.

At the end of 1969, there were 625 nurseries in operation. A number of municipalities operated nurseries or had contracts for services with private operators.

D. Programs for the Aged

Services for the aged are provided for the most part in the form of residential care in homes for the aged. Such institutions are either municipal institutions or are operated by private agencies such as fraternal organizations and religious groups. At the beginning of this fiscal year there were 77 institutions operated by private charitable agencies and 76 municipal homes; together they have a capacity in excess of 20,000 beds. Municipalities are required to establish and maintain homes for the aged, either by themselves or in co-operation with other municipalities. Generally, it is the county which establishes the home for the aged or in northern Ontario the district (one district has not done so to date). Cities may operate their own homes and many of the larger ones do, however it is not uncommon for them to operate homes jointly with the county. When a by-law is passed in a territorial district authorizing the establishing and maintenance of a home, all municipalities are required to contribute to it. Indian bands may also operate homes for the aged, however no band has established one to date. Charitable groups must seek the approval of the Department both as corporations and for their institutions before they are able to receive grants.

The principal services provided in these institutions are supervised sheltered residential care. It has been the policy of the Department to separate facilities in the home for persons who are senile, those who need some nursing care and are confined to bed and those who need minimal care and supervision. Both municipal and private institutions are required to provide certain minimum medical services to residents. A physician for the home must be appointed to see that the residents receive periodic examinations, x-rays and other care. Emphasis has been changing from residential supervision to include provision of social and recreational services, handicrafts and other activities. Staff trained in the techniques of reactivating the handicapped are being employed in greater numbers. Some of the private organizations have developed group programs and have extended professional services into the community to help persons remain in their homes longer. The Department has advisers on staff to help develop these programs; some of the specialties are crafts and social work. Most direct care services in the homes are provided by attendants on the staffs of the institutions.

The council of a municipality establishing a home appoints from among the members of the council, a committee of management for the home. In this way the home for the aged is integrated with other municipal welfare services. There are no requirements for public representatives on the boards of management of private institutions.

Few statistics are available on the characteristics of residents in homes for the aged. A needs test is applied by local municipal welfare administrators and a great deal of information is compiled. Unfortunately this data is not centralized in any one place. An application form is completed and medical data assessed for each person seeking admission. Admissions are based on the need for care as well as on the resources a person has with which to maintain himself. Policies on admissions are established locally. On the basis of assets and resources, monthly payments by an individual for care in the home are arranged. With the lowering of the age for eligibility for Old Age Security most residents now have some income with which to assist in maintaining themselves. A comfort allowance of \$15 is provided; other income and assets are available for maintenance of the resident.

The impact of the homes for the aged program on the relief of poverty is difficult to assess. Undoubtedly these institutions provide essential services to those who are no longer physically able to care for themselves. The objectives of the service are not exclusively to provide help to those whose incomes are low. Almost one half the operating expenses of municipal homes are covered by receipts from paying residents, while in the private institutions 75 per cent comes from this source. Perhaps it is not really

relevant to assemble statistics on the income levels of residents in these homes in order to measure the poverty "gap", for service support is more significant in the program than income support.

The financing of the homes for the aged program is provided by three levels of government. In addition many of the private agencies which operate institutions make a financial contribution toward the capital and operating costs of the homes.

In addition to the provision of homes for the aged there are a few other programs of benefit to the elderly. These are outlined briefly below.

(1) Rest Homes - These are for persons in need of long term maintenance, not necessarily or exclusively elderly people, however; services are for those who are unable to care for themselves but who do not need treatment in a hospital. Nursing care standards are somewhat higher than in a home for the aged. Seven such homes are in operation.

(2) Boarding Homes - Private home care is now being provided to some elderly persons through municipal welfare departments. This care is in lieu of admission to a municipal home for the aged.

(3) Elderly Persons Centres - These are established by private agencies such as Lions' Clubs to provide social and recreational services to elderly people during the day. Activities typically include games, entertainment and crafts. Meals may be provided and a place to rest.

The Homes for the Aged Branch also supervise several half way houses for released prisoners. These are operated by private agencies.

E. Vocational Rehabilitation

Vocational rehabilitation is designed to assist physically and socially disabled persons to be more self sufficient and to help them become gainfully employed. It is a public service provided by the Province to help handicapped persons. Services are available to persons ordinarily resident in Ontario who have physical or mental disabilities which prevent them from earning a living. Several basic approaches to rehabilitation are included in the program so that counsellors can develop a plan based on an individual's capacities and needs.

(1) Assessment - Social, medical and psychological needs are assessed to determine whether or not an individual can benefit from the program, and to develop the rehabilitation services likely to be required. Assessment is undertaken by counsellors in the Department in consultation with the person's physician, psychologists, teachers, employers, hospital personnel and others.

(2) Counselling - Professionally trained counsellors assist the handicapped persons in choosing an employment goal. A counsellor is available throughout the period during which such services are needed.

(3) Medical Restoration - Appliances are made available to take the place of a part of the body or to improve hearing. In spite of the fact that many persons have been receiving medical treatment before they come on to the program, the demand for appliances is high. Medical, surgical and psychiatric treatment are also available to help restore the capacity of a disabled person.

(4) Vocational Training - Training is provided by business and trade schools, vocational schools, community colleges, universities and sheltered workshops. There is no limit on the time that may be spent. Tuition costs are covered by the program. It is estimated almost 10,000 disabled people will receive training in this fiscal year.

(5) Employment placement - Much of the placement function is carried out by counsellors of the Department of Manpower and Immigration. However, many require specialized employment services not generally available from Manpower Centres.

(6) Maintenance and Transportation Allowances - These are available to pay for the living expenses of a disabled person and his family if he is unable to take advantage of rehabilitation services without financial assistance. An asset test is applied: the disabled person must have less than \$1,000 in liquid assets plus \$200 in addition, for each dependent. Detailed statements are taken from persons applying for a maintenance allowance, concerning their income, living expenses, personal and real property and debts. Monthly allowances are paid to eligible persons; the amounts paid are \$147 for a single person, and \$315 for a person with dependants. Extra maintenance allowances are available if a person is required to move in order to benefit from training. Transportation allowances are available to cover travel, accommodation and meals for the disabled person and an escort, if one is necessary; these are available when the person who is to receive the training is required to be absent from his home or to change his place of residence and needs the financial help.

(7) Tools and Equipment - Tools and equipment are available where they are necessary to enable trainees to obtain a job (for instance as a barber).

In addition to the foregoing services vocational rehabilitation clients also receive free hospital and medical insurance.

The number of persons receiving rehabilitation services has been increasing at a rate of about 20 per cent per annum. There is a staff of 124 providing such services, of whom more than 60 per cent are in direct service positions. The degree of severity of problems among recipients of the service has been increasing; in 1964-65 only about 57 per cent of the successfully rehabilitated clients received services of over one years duration; in 1968-69 this group accounted for 70 per cent of rehabilitation clients (of this group 33 per cent received services of over two years duration). Younger clients and persons with psychiatric disorders now make up a substantially greater proportion of the caseload than they did several years ago. These tend to be the clients requiring the most help.

In some instances the Department purchases counselling services. Certain disabilities require specialized knowledge e.g., the blind, the deaf, the retarded and paraplegics. Subsidies are paid to the Canadian Hearing Society, the Ontario Association of the Mentally Retarded and the Canadian Paraplegic Association for rehabilitation counselling.

In addition to direct services to disabled persons, the vocational rehabilitation program also assists various private, non-profit organizations who assist the disabled. Advice and guidance is given to them in developing programs and co-ordinating their activities. Sheltered workshops are assisted where the severely handicapped can be employed; sheltered workshops are also used for assessment purposes to determine the potential of individuals.

At the beginning of this fiscal year there were 61 approved organizations, operating 89 sheltered workshops with a capacity of about 2,500 persons.

TABLE 15
GENERAL CHARACTERISTICS OF TRAINING
1968-69

	Number	Percent
MAINTENANCE DURING TRAINING		
Receiving allowance	732	65.2
Not receiving allowance	391	34.8
LOCATION OF TRAINING		
Toronto	336	29.9
Elsewhere	787	70.1
LENGTH OF COURSES OF TRAINING		
0 - 6 months	605	53.9
6 - 12 months	369	32.8
12 - 24 months	79	7.0
25 months and over	70	6.3
TYPES OF COURSES		
Semi-skilled	53	4.7
Clerical	85	7.6
Technical and Skilled Trades	78	6.9
Professional	135	12.0
Academic Upgrading	180	16.0
Service Trades	51	4.6
Language	8	0.7
Work Adjustment Training	533	47.5
SOURCE OF REFERRAL		
General Hospitals	148	13.2
Ontario Hospitals	99	8.8
Private Health and Welfare Agencies	525	46.8
Canada Manpower Centres	145	12.7
Municipal Departments of Public Welfare	45	4.0
Ontario Department of Social and Family Services	28	2.5
Self	68	6.0
Other	65	5.8

TABLE 16
SUMMARY OF PERSONS REHABILITATED
1968-69

	Number	Percent
AGE GROUPS		
Under 21 years	69	7.2
21 - 30 years	505	52.8
31 - 40 years	150	15.7
41 - 50 years	122	12.8
51 - 60 years	75	7.8
Over 60 years	35	3.7
SEX		
Male	529	55.3
Female	427	44.7
OCCUPATION AFTER REHABILITATION		
Professional and Managerial	72	7.6
Sales and Clerical	190	20.2
Service Occupations	112	11.8
Sheltered Workshops	94	9.9
Agriculture, Fishery, Forestry and Semi-skilled	165	17.4
Housewives	143	15.2
Skilled Occupations	112	11.8
Unskilled	58	6.1
DURATION OF SERVICES		
Under 6 months	87	9.2
6 - 12 months	203	21.2
12 - 24 months	352	36.8
Over 24 months	314	32.8

F. Legal Aid

Ontario's legal aid plan came into effect on March 29, 1967. Its purpose is to ensure that no resident of Ontario is denied the services of a lawyer before the courts because of lack of money. Legal representation is available in criminal cases and appeals and in certain civil proceedings. Applications for legal aid may be made through any lawyer in the Province, to lawyers on duty in the courts or to an Area Director under the plan.

The Department of Social and Family Services assesses the financial needs and resources of persons referred by the Area Directors; field workers in district offices examine income, living expenses and assets. Tests applied are similar to those developed for social assistance programs but include more items such as debts. In addition the applicant's equity in real property is determined and included in his resources, when this is beyond a certain value. These factors determine whether or not the client is eligible, and if he is whether he receives full or partial assistance.

In York County the legal aid assessment function is located close to the Area Director's Office; in other areas the staff are attached to our field offices. Most recommendations are made locally; however some more difficult cases are referred to a central office for review. The assessment indicates the amount that can be paid and the time over which it should be collected. All welfare recipients are automatically eligible; applications are not referred for assessment when the charge for legal services is likely to be small. Area Directors are not bound by the assessment recommendations made by this Department. Generally, Area Directors provide an estimate of the legal costs at the time that an application is referred. Frequently persons applying for legal aid need other services such as debt counselling, family counselling or social assistance; referrals to community agencies are made by our field staff.

A brief review of some of the statistics in the annual report on the legal aid plan, issued by the Law Society of Upper Canada may be of interest.

In 1967-68, the first year of operation, the Province contributed \$3,890,000 and in 1968-69 \$7,032,000 to the plan. In 1967-68 there were about 55,000 applications for legal aid certificates, in 1968-69 about 58,000. In 1967-68 48 per cent of the certificates issued were for criminal cases and 52 per cent for civil cases; the distribution was approximately the same for 1968-69. The most significant change in the two years is the number of people assisted by duty counsel i.e. 67,200 in the first year, 79,600 in the second.

An analysis of completed cases for the year ended March 31, 1969 may be found at the end of this section. The most frequent criminal cases involved theft, break and enter, possession of stolen property; the most frequent civil cases involved domestic matters.

Costs of this program are born by the Province.

TABLE 17

THE ONTARIO LEGAL AID PLAN
ANALYSIS OF COMPLETED CASES BY
TYPE OF AID FOR THE YEAR ENDED
MARCH 31, 1969.

Type of Aid	Number of Cases	Total Fees and Disbursements	Average Cost Per Case
CRIMINAL		\$	\$
Unlawful Homicide	131	181,093	1,382.39
Robbery	752	225,986	300.51
Theft, Break and Enter, Possession of stolen property	7,095	1,093,115	154.07
Drunk and Impaired driving	1,587	160,176	100.93
Other Motor Vehicle offences	2,026	206,539	101.94
Narcotics	573	139,755	243.90
Assault	807*	126,003	156.14
Fraud, False Pretences	435*	74,965	172.33
Other	6,030	1,003,649	166.44
CIVIL			
Divorce	1,613	646,339	400.71
Other Domestic matters	6,272	610,212	97.29
Motor Vehicle Negligence	285	63,988	224.52
Consolidations, etc.	350*	22,213	63.47
Other	3,762	442,816	117.71
LEGAL ADVICE	522	18,351	35.16
TOTAL COMPLETED CASES	32,240	5,015,200	155.56

*NOTE: Cases of Assault, Fraud and False Pretences, and Consolidations are reported only from January 1, 1969. Prior to that date these categories were included under Other.

G. Homemakers and Nurses Services

There are services provided to individuals in their own homes to enable them to remain there. Homemakers services are furnished to homes where there are children under 16, during the absence or convalescence of their mother; there must be an adult available to care for the child when the homemaker is off duty. Nurses services may be furnished when a physician certifies that they are necessary to enable a person to remain at home or return home from a hospital. Nurses are defined as registered nurses; homemakers may have a certificate or if not have training acceptable to the welfare administrator.

In addition to homemaking services, some municipalities themselves hire teaching homemakers to assist particular families on social assistance. They go into a home to show a mother by example how to improve her ability to cook, manage her household and look after her home.

Homemakers services may be provided by a municipality directly by hiring staffs of trained personnel or they may purchase the service on a fee for service basis from private homemakers associations. The majority of visiting homemakers are privately employed by such organizations as the Red Cross and the Visiting Homemakers Association. Nursing services are usually purchased from the Victorian Order of Nurses or the St. Elizabeth Visiting Nurses Association.

Applications for services are made to the local welfare administrator. A needs test is applied to determine what part of the fee a client is able to pay. This test is similar to that used to determine eligibility for special assistance but somewhat more generous; More items included in the definition of requirements and in addition 25 per cent of net monthly earnings may be excluded from available income. Asset tests are not defined. A person in need is not required to pay the full fees; social assistance recipients are automatically eligible for services of homemakers and nurses.

If the municipality supplies homemakers services itself, no needs tests are required. In 1968-69 about 6,200 families received homemakers services and about 14,800 received nurses services.

The Province makes annual grants to the Victorian Order of Nurses and the St. Elizabeth Visiting Nurses Association for general purposes.

VI. SOCIAL SERVICES : MAJOR CHALLENGES

A. Role of Private Agencies

In the last decade there has been a pattern of an increasing injection of public funds into privately operated social service agencies. In 1966 operating expenditures of Children's Aid Societies became entirely financed from public sources. Legal Aid came into effect in 1967: over 90 percent of the funds sustaining the plan are provided by the Province. Subsidies have been increased for such services as day nurseries, homemakers and visiting nurses. Family counselling services for welfare recipients have been initiated by the Department. Vocational rehabilitation services are expanding at both the government level and through grants and purchase of service agreements with voluntary organizations. Social services are being extended into the community by homes for the aged and the financing of these is being at least in part provided from public sources.

The quality of services expected by the public is rising. Homes for the aged programs in recent years have been developed to include recreational services, adjuvant services, and other social activities. Similar examples of rising expectations could be selected from almost every other social service sector. Demands for services are outstripping the resources of the public treasury; however since financing comes from citizens who are both taxpayers and subscribers to community funds, there are restraining influences built into the system.

An expanding role for the state in financing the development of social services generally, suggests that it must become more active in policy making and planning for the provision of programs and facilities. For instance at the present time there are 51 privately operated publicly financed Children's Aid Societies of varying sizes, at various levels of development, which provide family counselling services. They supply a variety of professional, consultive and preventive services. In particular they have a statutory responsibility to protect children from abuse and neglect. Juvenile probation officers also provide counselling services to families with children in trouble; after release from training schools, rehabilitation personnel perform a similar function. At the local level boards of education and public health units have been developing counselling services to families in their own homes. In some areas municipal welfare departments have initiated family counselling programs.

Recently associations and organizations traditionally supported by the private sector have been having exploratory meetings with the Department to see if public funds might be available to them in financing their present services and in expanding into new programs.

Similar examples of the complex interrelationships between private agencies and various government departments may be found in most social service program areas. Generally, where the Province has provided capital grants it has become involved in the development of local social services and in establishing guidelines and evaluating priorities. This may be seen by contrasting the deep involvement of the Province in the homes for the aged program at the local level with the role it has played in the provision of family counselling services.

Co-ordination of services is a major concern. At present, one aspect of a social problem is the concern of one agency and another aspect of the same problem is the concern of another agency in another place. Co-ordination at the delivery level between public and private agencies has not always been too effective: co-ordination at the planning level has been even less efficient except in some aspects where large capital investments have been required.

Private voluntary social service agencies appear to face a future in which they must seek out more public financing and consequently accept a greater degree of public intervention in their internal operations. The future role of the state and what limits should be set on its authority are key



questions. As public financing becomes more substantial so does the requirement for public accountability. Reports to legislatures on how public funds were spent, to what end and with what result, are part of our governmental process. This can only be accomplished by governmental examination of the effectiveness of the internal operations of private social agencies receiving public financing. The problem then is one of determining the most appropriate degree of public accountability.

A clarification of the roles of private agencies and government departments seems to be indicated. At the operating level the tendency to fragment and subdivide functions needs to be examined to see if more effective organizational patterns could be devised. At the delivery level ways of coordinating existing services is a basic issue.

B. Role of Municipal Governments

All municipalities must provide care homes for the aged and they are all required to contribute to the operating expenditures of Children's Aid Societies. Otherwise the development of municipal social services is left to local initiatives. If municipalities provide social services such as day nurseries or homemakers services, the Province subsidizes them. A recent local government review commented on the scarcity of services as follows:

A good deal of the difficulty arises from the municipalities' lack of interest in welfare services. This can be explained in part by their feeling that their revenue resources are inadequate and inappropriate for welfare services; part of it is due to Canada having only recently become a heavily urbanized country so that there is no strong tradition of welfare as a local service; and in part it is due to the fragmentation and voluntary provision of welfare services, with children and family services and homes for the aged each dealt with by special arrangements unrelated to the general welfare service.¹

The Smith Committee (Ontario Committee on Taxation) commented on the problems of local welfare services and in particular on the geographical discrepancies in levels of service. They advocated that child welfare programs and homes for the aged programs be incorporated into a regional government welfare service department, and that the financial arrangements for both services be altered.²

Altering local government responsibilities for the provision of social services raises issues which go well beyond the purview of the Department of Social and Family Services into the broad area of municipal finance. The problem of who should do what in this field is inextricably related to who should pay for what.

One of the objectives of local government reform in this province is to rationalize the structure of municipal finance. Municipalities must have a resource base large enough to enable them to meet their responsibilities. While the Province has been giving increasing financial support to the municipalities, it in turn is concerned about the necessity for altering fiscal arrangements between itself and the federal government. In short, re-arranging responsibility for social services between the Province and municipalities is only part of a much more far reaching requirement for tax-sharing reform between the three levels of government.

In addition to the problems of organizing and financing municipal social services there are other important issues. One of these is which services should continue to be optional and which ones obligatory. Social conditions are changing; and some services which historically were left to be implemented at the discretion of local officials are now more important to society. Should the services of visiting homemakers be available generally?

-
1. File, Stewart, Waterloo Area Local Government Review, Toronto: Department of Municipal Affairs, 1970, p.91.
 2. The Ontario Committee on Taxation. Report, Toronto: Queen's Printer, 1967, Vol. II, p. 427.

Rather than the Province supplying social services itself it has given grants and subsidies to municipalities and voluntary agencies to enable them to develop programs. Advice, building standards, inspection and licensing have been typical provincial functions. Such almost mutually exclusive roles may no longer be suitable; there may be social services which should be entirely sustained by the Province and perhaps some advisory and inspection functions would be more effective if delegated. As noted in the local government report quoted previously there has not been a tradition in Canada of municipal social services. With the introduction of larger local government units in Ontario there may be an opportunity to take a new look at this arrangement.

C. Role of the Semi-Public Agencies

Studies of the structure of local municipal government in Ontario have brought to public attention variations in the standards of services provided by semi-public agencies within the local review area and across the Province. These reports have examined the relationship between the two levels of government and the agencies, both from an organizational and financial point of view.

Local autonomy and local self determination of social service needs were the accepted philosophy until recently. Even now it is not clear what degree of equalization of access to social services is desirable. Children's Aid Societies' standards of service vary and indeed it appears there is not a common understanding among the Societies themselves regarding the scope of their functions. In recent years, as financing for family counselling services became more difficult to obtain from Community Funds, some Family Service Associations have been absorbed by the local Children's Aid Society. Organizers of Community Funds have recommended to their member organizations that since their activities fall within the scope of activities of the Children's Aid Society, they seek additional funds from them.

In many areas of the Province there are few semi-public agencies to provide social services. Facilities for children who need institutional care need to be extended; not all Children's Aid Societies have group home facilities. Visiting homemakers' and visiting nurses' services are not available everywhere.

To what degree social services should be a matter of local self determination is a matter that is receiving attention.

D. Manpower Problems

Remedial education and training programs are for the most part administered by other governments and other departments: the exception is our own vocational rehabilitation service. In Canada the employment service comes under the federal Department of Manpower and Immigration; and this Department also operates adult retraining programs.

While there are aspects of Manpower training programs which could be altered to improve their effectiveness, it is not these problems which are of greatest concern. In common with many other critics of Manpower, the Department of Social and Family Services does find that rules regulating eligibility for admission and eligibility for allowances under the Occupational Training for Adults program create difficulties.

However a more fundamental weakness in the employment and adult training services as anti-poverty measures is their lack of outreach into the community where they can make direct contact with the working poor and with recipients of social assistance. Not only do these people need educational opportunities and skills upgrading they need to know what help is available and in some instances they need to be motivated to seek it. Many do not believe that training would enable them to escape; they do not see opportunities in their local community. Referrals to Manpower counsellors are made by welfare field staffs however the system is not complete and integrated: each agency remains responsible for its own part of the individual's problem. Liaison between our vocational rehabilitation counsellors and Manpower counsellors is much closer; the special group of disadvantaged people whom this program serves appear to be reached effectively. The system does not work as well for other poor people.

In the Manpower employment service there is a lack of continuity with the social assistance system; together these systems do not reach poor people to help with their employment problems. Referrals are made from one system to the other: however people who are difficult to place require special attention and in some instances even job finding. Adaptation of the placement service to more effectively assist the unskilled and disadvantaged is urgently needed. In our vocational rehabilitation program some counsellors are beginning to specialize in locating employment for disabled people. Difficulties in filling in application forms, handling interview situations and other similar problems of the poor have been well documented in other studies. Special attention needs to be paid to this particular group in the planning for the future development of the Manpower service.

An important link between training and employment services and the poor seems to be missing; not enough has been done to make the services accessible to the persons who need them most.

E. Measurement of Results

Many contemporary social services have evolved from a belief that they are necessary to make the lives of clients more comfortable and happy or that they are required in order to effect certain behavioral changes. No evaluation measures of comfort or happiness have been developed; in fact it is doubtful if "psychic" values can be quantified. Preliminary evaluation measures of the degree of behavioral change induced by counselling and social work treatment services are available, although these, too, are difficult to quantify. Since they are still in a developmental stage it is not possible to use them generally to measure the results of prevention and treatment programs. The contribution of treatment and counselling services in raising people out of poverty has not been demonstrated. Even if there should prove to be little relation between them, it is highly unlikely such services would or should be discontinued.

Other programs such as vocational rehabilitation of the physically disabled do alleviate poverty and there are techniques for measuring their effectiveness. Although conclusions based on follow up studies of rehabilitants are tentative, it seems from analyses made of American programs that "increased aggregate lifetime earnings" are impressive. The increased productivity of rehabilitants is included as a factor in the evaluation measures. However, whether or not rehabilitation programs should expand depends on an assessment of unmet needs. Not enough is known about this. Characteristics of the handicapped population not served by present programs are unexplored, nor are we fully aware of the geographical gaps in coverage of existing services. An assessment of the unfilled potential of the vocational rehabilitation program as an anti-poverty measure would be worthwhile.

Another program which has received considerable attention as a device for developing the potential of children is early childhood education. Results of the Head Start program funded originally by the Office of Economic Opportunity are inconclusive: it was designed to help deprived children make up the deficiencies which handicap them when they enter school and never overcome. The criterion of success was the degree to which mental and verbal skills and the ability to learn were improved.³ Evaluations concluded that unless there was an intensive follow up on the program in early school years, Head Start did not reduce the achievement differential between deprived children and other children. Other studies on early childhood learning have indicated that the principal development of personality takes place in early childhood. It appears from research done at the Ontario Institute for Studies in Education and elsewhere that enrichment of the environment of disadvantaged children when they are very young has exciting possibilities. Any such pre-school program probably must also be accompanied by ancillary social services outreach to alter the environment at home. The long term prospects for lifting people out of generational poverty seem rather promising.

3. Subcommittee on Employment, Manpower and Poverty of the Committee on Labor and Public Welfare, U.S. Senate, Examination of the War on Poverty. Staff and Consultants Reports, 90th Congress, 1st Session: Washington, D.C., September 1967, Vol. IV.

It is difficult to evaluate the effects of counselling and treatment as primary poverty preventive measures. This being the case, perhaps services should be developed on an experimental basis in large public agencies, where different delivery structures can be incorporated into the system. It does not seem practical to take the individual approach of the small voluntary agency with middle class clients and apply this without adaptation to semi-public agencies serving the poor.

F. Client Involvement

Anti-poverty programs funded by the Office of Economic Opportunity have had as a goal participation by the poor. Very considerable efforts went into this and on most boards of directors of community action projects, the poor were actively represented. The U.S. Senate Subcommittee which evaluated results of community action projects recommended that community action programs continue. An analysis of the effect of Office of Economic Opportunity policies on voluntary agencies concluded:

No consensus has yet been achieved as to who should receive what services in what manner, and the role of the consumer in the voluntary welfare system . . . It seems clear that before meaningful negotiations can take place around any of these issues, a strong force will be required to exert pressure on the welfare structure because of the resistance to change . . . Program changes ultimately will depend upon the decisions of agency Boards. The introduction of consumers on these Boards and their involvement in the policy-making functions of these organizations is one method for bringing about institutional change . . . Yet, until negotiations directed at increasing the involvement of indigenous leadership in the shaping of programs affecting their interests are successfully concluded, pressure will continue to increase for the separate financing of citizen groups, and the creation of duplicate welfare system apart from the established agencies.⁴

In Ontario, there have been a few representatives of the poor elected to boards of directors of private welfare agencies. How successful this will be in attaining sought after goals remains as much in doubt here as in the United States. Meanwhile as predicted above numerous citizens groups have sprung up.

G. Integration Services

Debates concerning whether social assistance and social services should be delivered from the same administrative unit are spilling over into Canada from the United States. If services must be accepted as a condition for eligibility for assistance then their effectiveness becomes questionable. However if social assistance recipients can be referred to social service agencies within the same unit, greater possibilities exist for co-ordination of services given to a family. Referrals to other agencies are not necessary and clients' problems are looked at as a "whole" rather than being divided into several aspects. The Department of Social and Family Services is experimenting with differing organizational structures in its field offices. While there are advantages to integration there are difficulties too. It may be that separation into special services may still be necessary. Undoubtedly the need to provide money services is urgent. Other services may suffer because they can be postponed.

In summary, then, there are many unresolved aspects in evolving the most effective social services delivery system. Co-operation between all of those involved, provincial and municipal governments and private agencies, is essential.

4. Lambert, Camille Jr., and Friedman, Leah R., Valuation and The War on Poverty. (Report of a study CG-8142 - A/O financed by the Office of Economic Opportunity): Pittsburg: 1968, pps. 18-20.

VII. FUTURE OF SOCIAL SERVICES

Planning and administration of social services at the private agency community level has been segregated from similar functions at the municipal and provincial government level. Services have been proliferating in some areas, languishing in others. Generally, the entire system has been becoming more difficult to co-ordinate as it is subdivided into more highly specialized functions. There are a variety of approaches which would help to alleviate these shortcomings. These particular difficulties are not unique to the Province of Ontario nor to the social service field.

In Great Britain, the Seebohm Report recently examined the organization of social services for the nation, found them wanting and recommended far-reaching changes. The essence of these was a unified approach at the local government level to be achieved by creating a social service department which would be responsible for: children's services, welfare services for the aged, education welfare services, home help services, mental health and social work services, adult training centres, day nurseries and social welfare work carried out by housing departments. Recently a bill was introduced in the House of Commons to implement some of these changes.

The Royal Commission on Health Services in Canada saw somewhat similar problems in the provision of health services. The work of this Commission has been continued by the Ontario Council of Health, an advisory body made up of citizens appointed because of their outstanding reputation or interest in or association with a particular health services function. Hundreds of people have been involved in the sub-committees of the Council.

There are a variety of ways in which the future overall planning of a balanced pattern of integrated social services and community development services may be approached. Whatever happens, it will be essential for provincial and municipal governments, specialists, educators, representatives of the professions and private agencies and others to come together to plan a future course of action.

The major problems in the social service field involve deciding on who is going to do what, who is going to administer what and who is going to pay for which services.

A comprehensive review of the kinds of community development services which might be encouraged and developed is nearing completion. In the near future we expect to undertake new initiatives in community development programs for social assistance recipients. Some services are presently being provided by our field staff.

APPENDIX

Miscellaneous Tables

T A B L E 1

PERCENTAGE DISTRIBUTION OF FAMILIES AND
UNATTACHED INDIVIDUALS BY INCOME GROUPS
IN ONTARIO

	1965		1967	
	<u>Unattached Individuals</u>	<u>Families</u>	<u>Unattached Individuals</u>	<u>Families</u>
Under \$ 1,000	20.8	2.4	11.8	1.8
1,000 - 1,499	9.9	1.5	15.9	0.8
1,500 - 1,999	7.0	2.7	8.3	1.7
2,000 - 2,499	4.3	3.1	5.9	2.4
2,500 - 2,999	7.8	2.8	5.0	2.8
3,000 - 3,499	9.0	3.4	5.8	2.6
3,500 - 3,999	8.0	4.1	5.5	3.3
4,000 - 4,499	8.8	4.0	6.8	3.5
4,500 - 4,999	4.6	5.0	6.9	3.3
5,000 - 5,499	4.4	6.7	6.2	5.5
5,500 - 5,999	4.9	6.2	3.3	4.9
6,000 - 6,499	1.6	7.6	4.8	5.6
6,500 - 6,999	2.5	6.1	2.7	5.6
7,000 - 7,999	1.2	10.2	4.0	11.0
8,000 - 9,999	3.9	16.3	4.0	16.5
10,000 - 14,999	0.9	13.6	2.2	20.8
15,000 +	0.3	4.3	0.9	7.8
Average Income	\$ 3,225	\$ 7,184	\$ 3,731	\$ 8,446
Median Income	3,010	6,540	3,266	7,563

Source: DBS - Catalogue No. 13 - 528
and
1100 - 505

TABLE 2
GENERAL ASSISTANCE CASE COMPOSITION
1969

Administration	Family Heads		Single Heads		Others*
	Male %	Female %	Male %	Female %	
Metro Toronto	19.9	22.6	31.6	20.2	5.7
Ottawa-Carleton ¹	32.6	21.4	18.0	17.0	11.0
Hamilton	23.9	18.1	27.5	19.6	10.9
London	29.0	29.4	14.6	16.6	10.4
Windsor	25.9	31.9	10.8	25.2	6.2
Welland County ²	33.1	32.0	12.0	15.0	7.9
York County ³	32.9	31.4	11.1	15.7	8.9
Mississauga	27.8	37.2	9.0	16.6	9.4
Simcoe County ⁴	32.3	25.9	11.0	14.8	16.0
St. Catharines	32.1	21.2	25.1	16.4	5.2
Kitchener	23.3	33.1	16.0	14.1	13.5
Thunder Bay ⁵	22.3	25.6	34.7	16.7	.7
Wellington County ⁶	29.0	19.6	16.6	13.0	21.8
Essex County ⁷	23.6	35.7	15.1	14.7	10.9
Wentworth County ⁸	31.5	29.2	11.9	21.4	6.0
Hastings County ⁹	28.1	21.7	13.8	16.5	19.9
Sudbury (City)	33.6	23.8	14.2	20.6	7.8
Oshawa	33.0	17.4	24.1	24.2	1.3
Sudbury (District) ¹⁰	48.3	17.4	16.0	12.8	5.5
Oxford County ¹¹	23.8	18.4	11.9	9.7	36.2
Sault Ste. Marie	31.6	23.7	23.7	19.2	1.8
Kent County ¹²	28.0	32.1	13.1	17.9	8.9
Niagara Falls	24.4	32.7	14.9	19.3	8.7
Brantford	28.5	20.3	24.4	14.5	12.3
Sarnia	31.4	32.5	14.8	13.0	8.3
Kingston	32.6	19.7	28.0	19.3	.4
Peterborough	29.4	14.7	24.3	21.8	9.8
Cochrane (District) ¹³	36.5	20.9	13.6	16.8	12.2
Cornwall	41.3	17.7	11.2	16.3	13.5
Welland	34.8	24.0	20.3	20.9	0
Prescott-Russell ¹⁴	39.0	7.4	10.6	10.6	32.4
Bruce County ¹⁵	25.7	18.1	13.3	17.2	25.7
Victoria County ¹⁶	35.9	18.9	16.4	14.6	14.2
Algoma (District) ¹⁷	35.7	29.1	16.1	18.6	.5
Timmins	35.6	22.3	17.1	21.2	3.8
Barrie	21.0	29.0	12.9	23.4	13.7
Nipissing (District) ¹⁸	51.8	17.7	15.2	11.6	3.7
Prince Edward County ¹⁹	53.2	17.3	7.2	10.8	11.5
Teck	23.2	19.1	29.6	20.6	7.5
Averages	25.7	22.6	24.7	18.8	8.2

* residents of nursing homes and foster children.

TABLE 3
GENERAL ASSISTANCE
MALE HEADS FAMILIES AS A PERCENTAGE OF MONTHLY CASELOAD
1969

Administration	March %	June %	September %	December %
Metro-Toronto	21.2	19.4	18.5	20.2
Ottawa-Carleton ¹	34.4	33.7	28.1	33.6
Hamilton	26.3	22.8	22.0	24.3
London	35.4	26.0	23.6	30.6
Windsor	28.6	24.9	24.5	25.6
Welland County ²	37.4	30.6	18.8	35.8
York County ³	44.0	30.8	22.9	34.4
Mississauga	31.2	37.5	21.7	24.6
Simcoe County ⁴	35.6	28.1	29.5	34.5
St. Catharines	33.7	30.2	28.4	35.0
Kitchener	23.8	20.6	23.3	25.8
Thunder Bay ⁵	25.1	21.6	19.9	*
Wellington County ⁶	33.8	26.0	26.7	29.0
Essex County ⁷	28.7	16.9	18.5	27.9
Wentworth County ⁸	35.6	24.5	28.5	36.6
Hastings County ⁹	33.2	22.4	23.2	31.6
Sudbury (City)	36.7	32.0	31.9	34.4
Oshawa	37.1	33.1	29.4	32.5
Sudbury (District) ¹⁰	51.0	42.3	46.3	54.5
Oxford County ¹¹	*	23.8	18.3	28.5
Sault Ste Marie	27.9	23.7	28.5	40.2
Kent County ¹²	33.7	20.1	22.3	32.9
Niagara Falls	25.3	26.7	20.3	*
Brantford	28.8	24.7	30.0	29.9
Sarnia	33.5	27.8	31.1	33.0
Kingston	37.7	31.4	30.3	31.6
Peterborough	32.5	27.2	28.3	29.3
Cochrane (District) ¹³	47.6	36.4	32.4	47.3
Cornwall	46.6	41.4	37.6	40.4
Welland	39.3	30.9	31.0	35.7
Prescott-Russell ¹⁴	*	*	32.0	44.7
Bruce County ¹⁵	*	*	20.0	28.6
Victoria County ¹⁶	42.3	33.5	32.2	35.3
Algoma (District) ¹⁷	32.1	27.6	32.5	46.7
Timmins	36.7	35.8	34.8	35.3
Barrie	22.5	18.1	20.0	23.3
Nipissing (District) ¹⁸	50.7	51.2	47.1	56.9
Prince Edward County ¹⁹	54.0	42.9	51.0	60.6
Teck	23.7	25.4	19.1	24.1

* Indicates data either unavailable or incomplete at time of calculation.

TABLE 4

GENERAL WELFARE ASSISTANCE
MONTHLY EXPENDITURES PER BENEFICIARY 1969.**

Administration	General Assistance	Special Assistance	Supplementary Aid
Metro Toronto	\$ 59.17	\$ 21.49	\$ 14.94
Ottawa-Carleton ¹	71.38	19.30	14.32
Hamilton	55.53	46.96	14.66
London	53.83	12.08	16.25
Windsor	52.35	11.27	17.41
Welland County ²	42.97	22.43	17.83
York County ³	49.20	30.45	18.17
Mississauga	47.80	21.67	16.61
Simcoe County ⁴	37.46	46.50	16.90
St. Catharines	44.41	13.27	13.45
Kitchener	47.92	26.81	19.47
Thunder Bay ⁵	42.71	29.77	17.31
Wellington County ⁶	54.55	20.21	18.78
Essex County ⁷	45.61	25.16	19.05
Wentworth County ⁸	40.29	39.76	18.98
Hastings County ⁹	50.80	29.92	14.33
Sudbury (City)	38.94	17.12	17.61
Oshawa	45.40	170.78	19.79
Sudbury (District) ¹⁰	35.52	27.80	15.51
Oxford County ¹¹	58.56	28.04	16.73
Sault Ste. Marie	45.25	22.83	13.99
Kent County ¹²	42.86	29.12	17.12
Niagara Falls	48.48	19.03	16.15
Brantford	43.84	13.12	20.20
Sarnia	39.80	28.34	17.06
Kingston	51.43	14.75	17.66
Peterborough	58.04	32.71	16.92
Cochrane (District) ¹³	48.68	19.65	9.55
Cornwall	47.17	19.94	15.41
Welland	37.55	10.55	16.27
Prescott-Russell ¹⁴	48.88	27.17	31.45
Bruce County ¹⁵	50.91	82.50*	12.95
Victoria County ¹⁶	46.62	21.14	18.10
Algoma (District) ¹⁷	33.18	42.11	25.98
Timmins	49.50	12.02	16.35
Barrie	39.29	15.04	13.85
Nipissing (District) ¹⁸	25.79	18.30	21.87
Prince Edward County ¹⁹	37.38	19.38	16.79
Teck	51.27	31.55	16.45
Average	46.67	29.23	17.24

* A total of \$165. spent on two beneficiaries in December. No Special Assistance expenditure in September. (Data unavailable for March and June).

** see page 20 for explanation of variations.

TABLE 5

GENERAL ASSISTANCE
AVERAGE FAMILY SIZE
1969

Administration	Average Family Size
Metro Toronto	3.7
Ottawa-Carleton ¹	4.3
Hamilton	3.9
London	3.8
Windsor	3.9
Welland County ²	3.9
York County ³	3.8
Mississauga	3.9
Simcoe County ⁴	4.3
St. Catharines	4.1
Kitchener	3.8
Thunder Bay ⁵	3.9
Wellington County ⁶	4.1
Essex County ⁷	3.8
Wentworth County ⁸	4.2
Hastings County ⁹	4.1
Sudbury (City)	4.2
Oshawa	3.8
Sudbury (District) ¹⁰	5.1
Oxford County ¹¹	4.1
Sault Ste. Marie	4.4
Kent County ¹²	3.9
Niagara Falls	3.7
Brantford	3.9
Sarnia	3.7
Kingston	4.1
Peterborough	4.1
Cochrane (District) ¹³	4.6
Cornwall	4.5
Welland	3.7
Prescott-Russell ¹⁴	4.6
Bruce County ¹⁵	4.5
Victoria County ¹⁶	4.3
Algoma (District) ¹⁷	4.8
Timmins	4.3
Barrie	3.5
Nipissing (District) ¹⁸	4.9
Prince Edward County ¹⁹	4.5
Teck	3.7
Average Family Size	4.1

TABLE 6

FAMILY BENEFITS
PERCENTAGE DISTRIBUTION OF CASES BY FAMILY SIZE
DECEMBER 1969

Administration*	Family Size		
	One %	Two %	Three or more %
Metro Toronto	53.7	18.5	27.8
Ottawa-Carleton ¹	46.8	17.7	35.5
Hamilton	41.7	21.5	36.8
London	45.1	20.8	34.1
Windsor	50.4	18.3	31.3
Welland County ²	50.8	17.6	31.6
York County ³	52.0	17.3	30.7
Mississauga	67.0	12.0	21.0
Simcoe County ⁴	50.1	17.3	32.6
St. Catharines	43.3	21.2	35.5
Kitchener	61.1	13.8	25.1
Thunder Bay ⁵	49.2	19.0	31.8
Wellington County ⁶	59.1	15.3	25.6
Essex County ⁷	54.7	16.2	29.1
Wentworth County ⁸	58.1	17.2	24.7
Hastings County ⁹	49.7	20.1	30.2
Sudbury (City)	47.6	17.2	35.2
Oshawa	44.4	24.8	30.8
Sudbury (District) ¹⁰	47.7	15.9	36.4
Oxford County ¹¹	56.0	17.9	26.1
Sault Ste. Marie	51.0	20.6	28.4
Kent County ¹²	46.0	23.9	30.1
Niagara Falls	39.9	24.9	35.2
Brantford	51.8	16.3	31.9
Sarnia	51.7	20.6	27.7
Kingston	43.3	20.1	36.6
Peterborough	43.9	21.0	35.1
Cochrane (District) ¹³	44.3	22.0	33.7
Cornwall	48.1	19.2	32.7
Welland	47.8	21.1	31.1
Prescott-Russell ¹⁴	50.3	17.9	31.8
Bruce County ¹⁵	51.5	18.1	30.4
Victoria County ¹⁶	52.6	19.3	28.1
Algoma (District) ¹⁷	47.4	22.0	30.6
Timmins	37.3	24.1	38.6
Barrie	45.6	18.4	36.0
Nipissing (District) ¹⁸	45.4	20.2	34.4
Prince Edward County ¹⁹	39.7	20.6	39.7
Teck	46.3	21.7	32.0
Provincial Average	49.8	19.1	31.1

* Although the Family Benefits program is provincially administered data have been prepared for some selected municipalities on the basis of General Welfare Assistance Administration units to permit comparisons.

TABLE 7
FAMILY BENEFITS
EXPENDITURE PER BENEFICIARY
DECEMBER 1969

Administration*	Expenditure Per Beneficiary
Metro Toronto	\$ 76.05
Ottawa-Carleton ¹	71.79
Hamilton	73.44
London	72.01
Windsor	73.50
Welland County ²	70.41
York County ³	71.53
Mississauga	74.57
Simcoe County ⁴	66.99
St. Catharines	72.46
Kitchener	73.93
Thunder Bay ⁵	72.56
Wellington County ⁶	71.85
Essex County ⁷	70.82
Wentworth County ⁸	71.57
Hastings County ⁹	67.24
Sudbury (City)	69.47
Oshawa	74.78
Sudbury (District) ¹⁰	62.89
Oxford County ¹¹	70.40
Sault Ste. Marie	73.04
Kent County ¹²	67.65
Niagara Falls	72.63
Brantford	73.70
Sarnia	75.71
Kingston	68.89
Peterborough	72.33
Cochrane (District) ¹³	64.69
Cornwall	69.24
Welland	72.62
Prescott-Russell ¹⁴	66.45
Bruce County ¹⁵	66.50
Victoria County ¹⁶	71.44
Algoma (District) ¹⁷	64.57
Timmins	67.44
Barrie	68.40
Nipissing (District) ¹⁸	61.94
Prince Edward County ¹⁹	64.67
Teck	70.86
Average	70.28

* Although the Family Benefits program is provincially administered data have been prepared for some selected municipalities on the basis of General Welfare Assistance Administration units to permit comparisons. Average per beneficiary expenditure for all cases was \$70.72.

TABLE 8

FAMILY BENEFITS

AVERAGE FAMILY SIZE

DECEMBER 1969

Administration*	Average Family Size
Metro Toronto	3.4
Ottawa-Carleton ¹	3.6
Hamilton	3.4
London	3.5
Windsor	3.5
Welland County ²	3.4
York County ³	3.5
Mississauga	3.6
Simcoe County ⁴	3.7
St. Catharines	3.5
Kitchener	3.5
Thunder Bay ⁵	3.4
Wellington County ⁶	3.6
Essex County ⁷	3.7
Wentworth County ⁸	3.6
Hastings County ⁹	3.6
Sudbury (City)	3.7
Oshawa	3.3
Sudbury (District) ¹⁰	4.0
Oxford County ¹¹	3.6
Sault Ste. Marie	3.4
Kent County ¹²	3.3
Niagara Falls	3.3
Brantford	3.4
Sarnia	3.3
Kingston	3.7
Peterborough	3.5
Cochrane (District) ¹³	3.7
Cornwall	3.7
Welland	3.3
Prescott-Russell ¹⁴	3.7
Bruce County ¹⁵	3.7
Victoria County ¹⁶	3.5
Algoma (District) ¹⁷	3.8
Timmins	3.6
Barrie	3.6
Nipissing (District) ¹⁸	3.9
Prince Edward County ¹⁹	3.6
Teck	3.4
Average	3.6

* Although the Family Benefits program is provincially administered data have been prepared for some selected municipalities on the basis of General Welfare Assistance Administration units to permit comparisons. Average family size for all cases was 3.5.

TABLE 9
FAMILY BENEFITS
PERCENTAGE DISTRIBUTION OF CASES BY CATEGORY

Administration*	Category			
	Aged %	Disabled %	Mothers %	Others** %
Metro Toronto	25.6	36.1	35.6	2.7
Ottawa-Carleton ¹	14.4	40.9	40.9	3.8
Hamilton	16.1	34.0	47.4	2.5
London	14.4	41.2	42.2	2.2
Windsor	15.3	40.0	41.6	3.1
Welland County ²	12.4	48.5	36.9	2.2
York County ³	18.8	43.1	34.1	4.0
Mississauga	35.1	40.3	23.0	1.6
Simcoe County ⁴	13.9	52.6	30.5	3.0
St. Catharines	16.2	36.7	45.5	1.6
Kitchener	23.0	47.3	27.8	1.9
Thunder Bay ⁵	17.5	39.3	39.2	4.0
Wellington County ⁶	17.5	52.7	26.1	3.7
Essex County ⁷	15.8	48.6	32.9	2.7
Wentworth County ⁸	20.6	45.0	31.1	3.3
Hastings County ⁹	15.9	54.5	25.5	4.1
Sudbury (City)	15.8	41.6	39.0	3.6
Oshawa	16.1	38.4	43.9	1.6
Sudbury (District) ¹⁰	13.7	56.0	27.0	3.3
Oxford County ¹¹	14.2	56.7	27.9	1.2
Sault Ste. Marie	18.3	40.0	38.0	3.7
Kent County ¹²	11.8	50.1	33.6	4.5
Niagara Falls	14.1	35.6	48.0	2.3
Brantford	13.9	44.3	40.4	1.4
Sarnia	11.2	46.5	37.3	5.0
Kingston	13.0	39.4	43.3	4.3
Peterborough	13.1	41.4	42.5	3.0
Cochrane (District) ¹³	17.7	49.5	28.9	3.9
Cornwall	15.7	46.6	32.9	4.8
Welland	18.0	37.3	42.0	2.7
Prescott-Russell ¹⁴	18.2	62.0	17.8	2.0
Bruce County ¹⁵	11.9	63.9	20.7	3.5
Victoria County ¹⁶	12.7	61.4	23.5	2.4
Algoma (District) ¹⁷	12.7	50.2	30.6	6.5
Timmins	10.8	40.5	44.5	4.2
Barrie	13.4	41.9	42.9	1.8
Nipissing (District) ¹⁸	14.5	59.4	22.7	3.4
Prince Edward County ¹⁹	13.2	50.8	34.3	1.7
Teck	18.4	47.5	32.3	1.8
Provincial Average	17.9	44.7	34.2	3.2

* Although the Family Benefits program is provincially administered data have been prepared for some selected municipalities on the basis of General Welfare Assistance Administration units to permit comparisons

** foster children, residents in Homes for the Aged and other miscellaneous cases.

TABLE 10
GENERAL ASSISTANCE and FAMILY BENEFITS
PERCENTAGE OF ASSESSED POPULATION RECEIVING BENEFITS
DECEMBER 1969

Administration*	General Assistance	Family Benefits	Total
Metro Toronto	1.87	1.61	3.48
Ottawa-Carleton ¹	2.34	1.93	4.27
Hamilton	2.25	2.97	5.22
London	1.46	1.58	3.04
Windsor	1.37	2.23	3.60
Welland County ²	1.66	1.61	3.27
York County ³	1.20	1.04	2.24
Mississauga	.53	.26	.79
Simcoe County ⁴	1.70	2.55	4.25
St. Catharines	2.22	2.10	4.32
Kitchener	.48	.89	1.37
Thunder Bay ⁵	**	2.42	**
Wellington County ⁶	1.12	1.24	2.36
Essex County ⁷	.80	1.37	2.17
Wentworth County ⁸	.59	.85	1.44
Hastings County ⁹	1.71	3.12	4.83
Sudbury (City)	1.23	2.03	3.28
Oshawa	1.62	1.72	3.34
Sudbury (District) ¹⁰	1.68	2.62	4.30
Oxford County ¹¹	1.10	1.45	2.55
Sault Ste. Marie	4.00	2.05	6.05
Kent County ¹²	.93	2.16	3.09
Niagara Falls	**	2.06	**
Brantford	1.63	2.10	3.73
Sarnia	.95	1.41	2.36
Kingston	2.91	3.17	6.08
Peterborough	2.58	2.59	5.17
Cochrane (District) ¹³	2.29	4.27	6.56
Cornwall	2.41	4.38	6.79
Welland	1.42	2.41	3.83
Prescott-Russell ¹⁴	4.05	5.15	9.20
Bruce County ¹⁵	.80	2.67	3.47
Victoria County ¹⁶	2.53	3.16	5.69
Algoma (District) ¹⁷	3.13	4.22	7.35
Timmins	4.01	4.90	8.91
Barrie	1.16	2.00	3.16
Nipissing (District) ¹⁸	3.54	8.12	11.16
Prince Edward County ¹⁹	3.24	3.19	6.34
Teck	4.35	5.15	9.50

* Although the Family Benefits program is provincially administered data have been prepared for some selected municipalities on the basis of General Welfare Assistance Administration units to permit comparisons.

** Data unavailable or incomplete at time of calculation.

FOOTNOTES

1. Ottawa-Carleton is the complete county of Carleton
2. Welland County excludes the cities of Niagara Falls and Welland
3. York County excludes Metropolitan Toronto
4. Simcoe County excludes Barrie
5. Thunder Bay is the sum of Port Arthur and Fort William
6. Wellington County complete
7. Essex County excludes Windsor and Pelee Island
8. Wentworth County excludes the city of Hamilton
9. Hastings County complete
10. Sudbury District excludes Sudbury City
11. Oxford County complete
12. Kent County excludes Chatham
13. Cochrane District excludes Timmins
14. Prescott-Russell combines the two complete counties of Prescott and Russell
15. Bruce County complete
16. Victoria County complete
17. Algoma District excludes Sault Ste. Marie
18. Nipissing District excludes North Bay
19. Prince Edward County complete.

